Actuarial Memorandum

Tufts Associated Health Maintenance Organizations, Inc. and Tufts Insurance Company Rhode Island Small Group and Large Group – Trend Development

The purpose of this actuarial memorandum is to file trend factors for Tufts Health Plan (THP) to be effective January 1, 2013.

Since THP's claims experience in Rhode Island is not sufficiently credible to support the development of RI trend factors, we used the same methodology in developing 2013 trends as what was used in our previous filings. The utilization trends are based on Massachusetts utilization trends, which are developed using 36 months of historical utilization experience in over 40 different service categories. Utilization trends are adjusted for changes in mix of service, demographics and business mix. The medical unit cost trends are based on the existing Rhode Island provider contracts and a best estimate of unit cost increases for those provider contracts that are still outstanding. The Rhode Island Rx unit cost trend is the same as the Massachusetts Rx unit cost trend since our Rx contract does not differ by state.

In June 2012, a new Rx contract will be signed with our Pharmacy vendor, Caremark. The new Rx contract will reduce Rx costs significantly. In order to pass these savings on to members as they occur, THP is revising our 2012 Rx trend to incorporate the terms of the new pharmacy contract effective May 2012. With this revised Rx trend, the total 2012 trend is reduced by 1.2% compared to the trend previously filed and approved for 2012.

Proposed 2012 trend factors:

			Primary		<u>Autism</u>		Weighted
	<u>IP</u>	<u>OP</u>	<u>Care</u>	Other M/S	Mandate	$\mathbf{R}\mathbf{x}$	<u>Total</u>
Total	5.9%	7.6%	6.4%	4.8%	0.2%	0.3%	5.3%
Price Only	3.6%	3.7%	4.1%	1.3%		-3.6%	1.9%
Utilization	2.2%	3.8%	2.2%	3.5%		4.0%	3.3%

Previously approved 2012 trend factors:

			<u>Primary</u>		<u>Autism</u>		Weighted
	<u>IP</u>	<u>OP</u>	<u>Care</u>	Other M/S	Mandate	<u>Rx</u>	Total
Total	5.9%	7.6%	6.4%	4.8%	0.2%	7.2%	6.5%
Price Only	3.6%	3.7%	4.1%	1.3%		3.1%	3.1%
Utilization	2.2%	3.8%	2.2%	3.5%		4.0%	3.3%

The proposed 2013 trend factors below reflect the reduced utilization trend underlying the most recent Massachusetts emerging experience. 2013 unit cost trends are based on the most updated Rhode Island provider contracts. THP's overall 2013 annual claim trend is 5.4%. The proposed 2013 trend factors are:

			<u>Primary</u>			<u>Weighted</u>
	<u>IP</u>	<u>OP</u>	<u>Care</u>	Other M/S	<u>Rx</u>	Total
Total	5.2%	6.7%	5.4%	4.7%	4.7%	5.4%
Price Only	3.6%	3.4%	3.3%	1.8%	0.8%	2.6%
Utilization	1.5%	3.2%	2.0%	2.9%	3.9%	2.8%

To the extent that the offsetting impact of our 2012 trend reduction is not considered when evaluating our 2013 trend against the 4% target, Tufts Health Plan may need to reconsider the timing of implementing the new Caremark contract, which could result in changes to both our 2012 and 2013 trends.

We have elected, again, not to reflect the actual projected administrative charges in our RI business, but rather, have assumed the administration charges of a fully mature block of business. Previous filings showed 8% administrative charges, which excluded medical administration costs. In this filing, we have added medical administration to reduced administrative charges, resulting in total administrative charges of 8.6%. In addition to the administrative charges included in previous filings, the Patient Centered Outcome Research Institute (PCORI) assessment fees, and the Patient Protection and Affordable Care Act (PPACA) tax, to be paid in CY 2014 based on CY 2013 premiums, are included in premium rates effective on or after January 1, 2013. The PPACA tax and PCORI fee are evaluated at a total of about 0.7% of premium. In accordance with the May 7, 2012 OHIC letter, we are also including a version of this filing excluding the PPACA tax.

The premium rate increases shown in the filing are developed by comparing the trended manual rate for each month and the manual rate for the same month in the previous year. The proposed 2012 rate increases reflect the impact of the reduced 2012 trend.

I certify that the proposed trend factors were developed using sound actuarial assumptions and methodologies.

Jennifer Stevenson, F.S.A., M.A.A.A.

Analytic Manager Tufts Health Plan

May 18, 2012

Tufts Associated Health Maintenance Organizations, Inc.

Small Group Rate Filing -- Effective Date January 1, 2013

Part 1. Historical Information

Experience Period for Developing Rates

From 01/01/2009 12/31/2011

Utilization/Experience Data by Quarter (Last 12 Available Quarters)

								Incurred						<u>Other</u>				
					Incurred			Claims	Incurred			Quality	Other Cost	Claim	Other	Investment		
			Member	Earned	Claims	Incurred	Incurred Claims	Primary	Claims Other	Incurred		Improveme	Containmen	Adjustment	Operating	Income	Commission	Contribution
Quarter	End Date	IP Days	Months	<u>Premium</u>	<u>Total</u>	Claims IP	<u>OP</u>	Care	M/S	Claims Rx	Loss Ratio	nt Expense*	t Expense*	Expense*	Expense*	Credit	<u>s</u>	to Reserves
1 (Oldest)	03/31/2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2	06/30/2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3	09/30/2009	5	606	\$191,989	\$179,755	\$18,154	\$29,796	\$10,316	\$101,355	\$20,134	95.9%	\$4,344	\$2,127	\$3,714	\$21,335	N/A	\$8,222	(\$27,509)
4	12/31/2009	14	1,276	\$402,183	\$298,747	\$51,528	\$53,724	\$33,981	\$110,223	\$49,291	76.6%	\$9,146	\$4,480	\$7,821	\$44,924	N/A	\$17,313	\$19,753
5	03/31/2010	20	1,524	\$478,085	\$399,388	\$60,312	\$86,443	\$39,178	\$150,270	\$63,186	85.7%	\$10,487	\$4,915	\$8,581	\$40,284	N/A	\$29,053	(\$14,622)
6	06/30/2010	32	1,706	\$541,343	\$463,611	\$103,913	\$110,615	\$37,347	\$137,711	\$74,024	87.8%	\$11,739	\$5,502	\$9,605	\$45,095	N/A	\$32,522	(\$26,732)
7	09/30/2010	42	1,417	\$468,684	\$386,346	\$85,426	\$105,558	\$29,809	\$100,668	\$64,885	84.5%	\$9,751	\$4,570	\$7,978	\$37,456	N/A	\$27,013	(\$4,429)
8	12/31/2010	3	1,198	\$426,511	\$278,535	\$7,440	\$67,702	\$26,895	\$117,412	\$59,085	67.2%	\$8,244	\$3,863	\$6,745	\$31,667	N/A	\$22,838	\$74,619
9	03/31/2011	14	1,198	\$440,948	\$274,894	\$21,063	\$51,148	\$36,189	\$98,135	\$68,360	64.1%	\$7,868	\$7,531	\$7,488	\$31,687	N/A	\$15,903	\$95,576
10	06/30/2011	8	1,174	\$440,254	\$316,418	\$11,200	\$106,006	\$31,014	\$99,789	\$68,409	73.6%	\$7,710	\$7,380	\$7,338	\$31,053	N/A	\$15,584	\$54,770
11	09/30/2011	20	1,125	\$431,534	\$343,239	\$58,259	\$82,706	\$32,198	\$99,413	\$70,663	81.3%	\$7,388	\$7,072	\$7,032	\$29,757	N/A	\$14,934	\$22,113
12	12/31/2011	21	1,120	\$465,884	\$335,312	\$41,401	\$93,417	\$29,835	\$101,530	\$69,129	73.6%	\$7,356	\$7,041	\$7,001	\$29,624	N/A	\$14,867	\$64,684

^{*} These categories should conform generally to the reporting in the NAIC statement Underwriting & Investment Exhibit Part 3- Analysis of Expenses and/or to the Supplemental Health Care Exhibit, Lines 6.3 and 8.1 If any of the historical information reported is different from that period as reported in the prior rate filing, please provide a reconciliation and explanation showing the amount of each element of difference.

Notes:

- 1. The Other Operating Expenses shown above include taxes, licenses and fees, which were excluded in previous filings for the same time periods 2. Primary care claims definition has been revised to match the Primary Care Spend report

- 2. F. Expenses such as network access fee, COB and claims interest are moved from Other M/S claims to administrative expenses according to NAIC definition

 4. Claims Total differences from the COB and claims interest are moved from Other M/S claims to administrative expenses according to NAIC definition

 4. Claims Total differences from the COB and claims the same time periods are to the total differences from the COB and claims payment, as well as the revision to the Other M/S claims definition

 5. Claims Total differences from the COB and COB

Part 2. Prospective Information

A. 2013 Trend Factors for Projection Purposes (Annualized)

	<u>IP</u>	<u>OP</u>	Primary Care	Other M/S	Rx	Weighted Total
Total	5.2%	6.7%	5.4%	4.7%	4.7%	5.4%
Price Only	3.6%	3.4%	3.3%	1.8%	0.8%	2.6%
Utilization	1.5%	3.2%	2.0%	2.9%	3.9%	2.8%
Other**						
Other**						
Other**						
Weights	20.4%	26.5%	9.4%	26.3%	17.4%	100%

^{**} All elements should add or compound to the total. If anything is to be reported as "Other" please provide a description.

2012 Trend Factors for Projection Purposes (Annualized)

					Autism		
	<u>IP</u>	<u>OP</u>	Primary Care	Other M/S	Mandate	Rx	Neighted Tota
Total	5.9%	7.6%	6.4%	4.8%	0.2%	0.3%	5.3%
Price Only	3.6%	3.7%	4.1%	1.3%		-3.6%	1.9%
Utilization	2.2%	3.8%	2.2%	3.5%		4.0%	3.3%
Other**							
Other**							
Other**							
Weights	20.2%	24.7%	8.4%	29.3%		17.4%	100%

^{**} All elements should add or compound to the total. If anything is to be reported as "Other" please provide a description.

B. The following items for the period to which the rate filing applies, by quarter:

						Quality						
						<u>Improvem</u>	Other Cost		Other			
			Average %	Expected	Expected	ent	Containmen	Other Claim	Operating	Average	Investment	
		Beginning	Rate	Pure Medical	Contribution to	Expense	t Expense	Adjustment	Expense	Commissions	Income	Premium
	Quarter	Date	Increase	Cost Ratio	Reserves %	<u>%*</u>	<u>%*</u>	Expense %*	<u>%*</u>	<u>%*</u>	Credit %	Tax %
	1	01/01/2013	6.8%	85.2%	0.0%	1.6%	1.4%	1.4%	4.2%	3.5%	0.0%	2.7%
Ī	2	04/01/2013	6.5%	85.2%	0.0%	1.6%	1.4%	1.4%	4.2%	3.5%	0.0%	2.7%
	3	07/01/2013	6.6%	85.2%	0.0%	1.6%	1.4%	1.4%	4.2%	3.5%	0.0%	2.7%
	4	10/01/2013	6.8%	85.2%	0.0%	1.6%	1.4%	1.4%	4.2%	3.5%	0.0%	2.7%
	Weighted	Average	6.7%	85.2%	0.0%	1.6%	1.4%	1.4%	4.2%	3.5%	0.0%	2.7%

					Quality						
					<u>Improvem</u>	Other Cost		Other			
		Average %	Expected	Expected	ent	Containmen	Other Claim	Operating	Average	Investment	
	Beginning	Rate	Pure Medical	Contribution to	Expense	t Expense	Adjustment	Expense	Commissions	Income	Premium
Quarter	Date	Increase	Cost Ratio	Reserves %	<u>%*</u>	<u>%*</u>	Expense %*	<u>%*</u>	<u>%*</u>	Credit %	Tax %
1	01/01/2012	3.4%	86.5%	0.0%	0.9%	0.7%	1.3%	5.1%	3.5%	0.0%	2.0%
2	04/01/2012	3.0%	86.5%	0.0%	0.9%	0.7%	1.3%	5.1%	3.5%	0.0%	2.0%
3	07/01/2012	4.0%	86.5%	0.0%	0.9%	0.7%	1.3%	5.1%	3.5%	0.0%	2.0%
4	10/01/2012	6.6%	86.5%	0.0%	0.9%	0.7%	1.3%	5.1%	3.5%	0.0%	2.0%
Weighted	Average	4.2%	86.5%	0.0%	0.9%	0.7%	1.3%	5.1%	3.5%	0.0%	2.0%

^{*} These categories should conform generally to the reporting in the NAIC statement Underwriting & Investment Exhibit Part 3 - Analysis of Expenses and to the Supplemental Health Care Exhibit, Lines 6.3 and 8.1 The sum of the expenses, commissions, contributions to reserves, investment income credit, taxes and the medical loss ratio should be 100%.

C. Average Rate Increase Components

The following items should reconcile to the Weighted Average Percent Rate Increase for the year:

	Price	Utilization, Mix	Total
Hospital Inpatient Price	0.6%	0.3%	0.9%
Hospital Outpatient	0.8%	0.7%	1.5%
Primary Care	0.3%	0.2%	0.4%
Med/Surg Other Than Primary Care	0.4%	0.6%	1.0%
Pharmacy	0.1%	0.6%	0.7%
Administrative Expense (Aggregated)			0.7%
Contribution to Reserves			0.0%
Taxes and Assessments			0.9%
Legally Mandated Changes			0.0%
Prior Period Adjustment (+/-)			0.6%
Total			6.7%

Part 3. Retrospective Reconciliation of Experience with Filed Factors

			Filed Data ¹			PMPN	I Increase ²	Standard	I Plan PMPM ³	Standard Pl	an Increase4	Appr	roved	Loss	Ratio
	Member	Earned	Incurred		Claims							Trend	Contrib to		
<u>Year</u>	<u>Months</u>	<u>Premium</u>	Claims Total	Premium PMPM	PMPM	Premium	Claims	<u>Premium</u>	<u>Claims</u>	Premium	Claims	Increase%	Reserves%	Actual%	Filed%
2009	1,882	594,171	491,991	\$315.71	\$261.42			364.45	177.10			9.7%	0%	82.8%	87.0%
2010	5,845	1,914,623	1,568,101	\$327.57	\$268.28	3.8%	2.6%	376.09	286.57	3.2%	61.8%	9.5%	0%	81.9%	87.0%
2011	4,617	1,778,619	1,300,186	\$385.23	\$281.61	17.6%	5.0%	403.61	278.08	7.3%	-3.0%	9.2%	0%	73.1%	87.4%

¹ Corresponds to historical Information data in Part 1 above

1. Filed loss ratio for CY 2011 is the sum of the expected pure medical cost ratio and expected quality improvement expenses % in 2011 rate factor filling

Due to the lack of credible experience, manual rates are developed by trending forward prior base rates to reflect trend changes. Therefore, depending on the timing of trend change, rate increases may be different from trend increase. The difference is reflected as Prior Period Adjustment above.

² Percent increase compared to prior year

³ For most commonly held plan of benefits in 2010 and for the same plan of benefits in 2011

⁴ Percent increase compared to prior year

Rhode Island Health Statement Supplement

Cover Sheet

Tufts Associated Health Maintenance Organizations & Tufts Company Name

Insurance Company

Enter NAIC# 95688 & 60177 **Reporting Year** 2011

Enter DBR registration # (TPAs)



OFFICE OF THE **HEALTH INSURANCE COMMISSIONER**

STATE OF RHODE ISLAND

Office of the Health Insurance Commissioner 1511 Pontiac Ave, Building #69 first floor Cranston, RI 02920 (401) 462-9517 (401) 462-9645 (fax) HealthInsInquiry@ohic.ri.gov

			- 1	1		2	^		-	-				7	0			10		11	
		1	1				3		4	5		6			8	9		10		11	
							1														
	Line of Business Exhibit																				
	Lille of Dusilless Exhibit						Stop loss/ I	Evenee										ther Medical No	n-		
Field		Compreh	nensive/Major me	edical	A	SO/TPA	loss/Reins		Medicare Part C	Medicare F	Part D	Medicare Supple	ement Policies Medic	raid/Other nublic	Student blank	et Dental		Comprehensive		cross all lines of b	usiness)
11010			Non-RI	All					RI Non-RI All			RI Non-			RI Non-RI					Non-RI	All
1 1	Membership Data																				
	Number of Polices or Certificates	197		197	1		1			91	91	3 -	3			_			- 292		202
	Number of Covered Lives	3,936	737	4,673	299	29	328			91	91		5						- 4,331		5,097
1	Member Months	48,618	8,909	57,527	603		662			1,062	1,062		60			-			- 50,343		59,311
'	Number of Polices or Certificates (Plans with PD benefits)	197	-	197	1	-	1			91 -	91							-	- 292		292
	Number of Covered Lives (Plans with PD benefits)	3,936	737	4,673	299	29	328			91 -	91		5 -					-	- 4,331		5,097
	Member Months (Plans with PD benefits)	48,618	8,909	57.527	603			-		1,062 -								-	- 50.343		59,311
	· · · · · · · · · · · · · · · · · · ·								1 1			1		1							
	Premiums/Claims																				
2	Premium	19,382,569	3.553.785	22.936.354	162.614	18,088 180,	702	- 1		146,221	146,221	23,160 -	23,160			-	- 1		- 19.714.564	3,571,873	23,286,437
	Claims/Medical Expenses	17,496,249	3,228,233	20,724,482	139,151	15,072 154,	222	-	-	405,690	405,690	20,052 -	20,052	-		-	-		- 18,061,142	3,243,305	21,304,446
	·																				
	Inpatient Facility																				
	Hospital																				
	1 In-state	3,158,748	206,043	3,364,791	17,550	- 17,	550	-	-		-		-	-		-	-		- 3,176,298	206,043	3,382,341
	2 Out-of-state	540,726	359,998	900,724	-	-	-	-	-		1		-	-		- 1	-		- 540,726		900,724
	3 Total (Lines 1 + 2)	3,699,474	566,041	4,265,515	17,550	- 17,	550	-							-			-	- 3,717,024	566,041	4,283,065
	SNF																				
3	4 In-state	33,154	5,624	38,778	-	-	-		-		-		-	-		- 1	-		- 33,154	5,624	38,778
"	5 Out-of-state	-	-	-	-	-	-		-		1		-	-		- 1	-			-	-
	6 Total (Lines 4 + 5)	33,154	5,624	38,778	-	-		-			1 -					- - -		-	- 33,154	5,624	38,778
	Other																				
	7 In-state	1,167	-	1,167	-	-	-	-	-		-		-	-		-	-		- 1,167	-	1,167
	8 Out-of-state	-	12,761	12,761	-	-	-	-	-		-		-	-		-	-			12,761	12,761
	9 Total (Lines 7 + 8)	1,167	12,761	13,928	-	-		-			-							-	- 1,167	12,761	13,928
1	0 Total Inpatient Facility (Lines 3 + 6 + 9)	3,733,795	584,427	4,318,222	17,550	- 17,	550	-			-							-	- 3,751,345	584,427	4,335,772
	•																				
	Outpatient Facility																				
	Hospital																				
	1 In-state	3,352,396	210,704	3,563,100		916 23,		-	-		-	1,633 -	1,633	-		-	-		- 3,376,704		3,588,324
1	2 Out-of-state	317,396	538,951	856,347	1,088		922	-	-		-		-	-		-	-		- 318,484		859,269
	3 Total (Lines 11 + 12)	3,669,791	749,655	4,419,447	23,763	2,749 26,	512	-			-	1,633 -	1,633 -					-	- 3,695,188	752,404	4,447,593
	SNF																				
	4 In-state	-	-	-	-	-	-	-	-		-		-	-		-	-		-	-	-
	5 Out-of-state	-	-	-	-	-	-	-	-		-		-	-		-	-		-	-	-
4	6 Total (Lines 14 + 15)	-	-	-	-	-		-			-							-	-	-	-
	Freestanding Ambulatory Care Facility																				
	7 In-state 8 Out-of-state	747,250	53,967	801,218			893	-	-		-			-		-	-		- 749,143		803,110
		168,850	101,890	270,740	-		631	-	-		-			-		-	-		- 168,850		275,371
	9 Total (Lines 17 +18)	916,100	155,858	1,071,958	1,893	4,631 6,	524	-			-							-	- 917,993	160,489	1,078,482
	Other	700 100		710 170			100				1	0.0	0.0								710.000
	20 In-state	728,426	17,731	746,156	2,074		189	-	-		-	310 -	310			-			- 730,809	17,845	748,655
		146,342	140,799	287,140			314	-			-	47 -				-			- 147,334 - 878 143		288,501
	Total (Lines 20 + 21) 3 Total Outpatient Facility (Lines 13 + 16 + 19 + 22)	874,767 5,460,659	158,529 1.064.042	1,033,296	3,019	484 3,: 7.864 36.:	503				-	357 - 1,990 -	357 - 1.990 -						 878,143 5,491,325 	159,013	1,037,156 6.563.231
4	10tal Outpatient Facility (Lines 13 + 16 + 19 + 22)	5,460,659	1,004,042	0,324,701	20,070	7,004 30,	559				-	1,990 -	1,990 -					-	- 5,491,323	1,071,906	0,303,231
	Primary Care																				
5	24 Total Primary Care	1,115,436	219,726	1,335,162	15 201	842 16,	042	1			_	679 -	679						- 1,131,316	220,567	1,351,883
4	T TOTAL T TIMALY CALC	1,110,430	213,120	1,335,102	10,201	042 16,	UTU			 		0/9	0/9			- 1			- 1,131,316	220,001	1,301,003
	Pharmacy																				
6	25 Total Pharmacy	3,060,587	545,750	3 606 327	11 737	1,491 46,	227	1.1		405,690	405 600	10,316 -	10,316						- 3,521,330	547,241	4,068,570
	Total Final macy	3,000,307	343,730	3,000,337	44,131	1,431 40,	LL1			+00,000	400,090	10,510	10,310	1 -		- 1 1			3,321,330	J41,241	+,000,570
	Medical/Surgical other than primary care																				
-	Medical/Surgical other than primary care	2.373.477	133,824	2.507.301	17.385	1.341 18.	706				_	E 254	E 254						- 2.396,216	135,165	2.531.381
7	26 In-state 27 Out-of-state	429,183	133,824 432,394	2,507,301 861,577	17,385		726 257	+		 	-	5,354 -		 		- -	+		- 2,396,216 - 429,625		2,531,381 863,834
	28 Total Other Medical/Surgical (Lines 26 + 27)	2,802,660	566,218	3,368,878		3,155 20,		-	_	1 _ 1	+ -	5,354	5,354 -				+:+		- 429,625		3,395,215
L 1 2	Total Other Medical/Surgical (Lines 26 + 27)	∠,0U∠,00U	300,218	3,308,878	17,828	3,100 20,		1 -	- - -	<u> </u>		5,354 -	5,354 -	- 1 -	<u> </u>	- 1 - 1 -	1 - 1 -		- ∠,8∠5,841	509,374	ა,აყნ,215
	All other payments to medical providers																				
8	29 Total	1,323,112	249.070	1 574 400	15 150	1.720 16.	990			1		1,714 -	1,714	1 1			T - T		- 1,339,986	240 700	1,589,776
	. J Total	1,323,772	∠ 4 0,U/U	1,577,182	15,159	1,720 16,	DOV	-			-	1,/14	1,/14	-		-	1 - 1		- 1,339,986	249,790	1,509,776

_			1			2			3		4			5			6			7			8	
Market Exh	nibit (For Comprehensive/Major Medical Line of Business)	In	dividual			Small Group			Large Group		Associa	ion		Trust		Federal Emp	oloyee Hea	alth Benefit	Other	r Health Ma	arket	Total	'Across all mark	kets)
			Non-RI	All	RI	Non-RI	All	RI	Non-RI	All	RI Non-F		RI	Non-RI	All	RI	Non-RI	All		Non-RI		RI	Non-RI	A
Membership D	Dete.	IXI	NOII-IXI	ZSII	IM	11011-111	All	IXI	NOTETA	Zui	TO TOTAL	r All	181	Non-Itt	All	IXI	NOII-IXI	ZSII	IXI	NOII-IXI	All	IXI	TVOIT-TVI	
	Polices or Certificates				405		405	04		31												407		
		1	-			140	165	31	-			-			-			-			-	197 3.936	-	
	Covered Lives	1	-	1			842	3,233	597	3,830		-			-			-			-		737	
Member Mo		12	-	12		1,838	11,311	39,133	7,071	46,204		-			-			-			-	48,618	8,909	
	Polices or Certificates (Plans with PD benefits)	1	-			-	165	31	-	31				-	-	-	-	-	-	-	-	197	-	
	f Covered Lives (Plans with PD benefits) fonths (Plans with PD benefits)	1	-	10	702	140		3,233	597	3,830				-	-	-	-	-	-	-	-	3,936	737	
Member Mc	ionths (Plans with PD benefits)	12	-	12	9,473	1,838	11,311	39,133	7,071	46,204	-		-	-	-	-	-	-	-	-	-	48,618	8,909	
Premiums/Clai	aims																							
Premium		2,874		2,874		690,328		15,721,439	2,863,457	18,584,896		-			-						-	19,382,569	3,553,785	22
Claims/Med	edical Expenses	1,660	-	1,660	3,100,638	454,637	3,555,275	14,393,951	2,773,596	17,167,547					-			-			-	17,496,249	3,228,233	2
Inpatient Facili	lity																							
Hospital																								
1 In-state	e	-	-	-	441,217	49,217	490,434	2,717,530	156,826	2,874,356		-			-			-			-	3,158,748	206,043	3
2 Out-of-s	-state	-	-	-	52,816	12,154	64,969	487,911	347,844	835,755		-			-			-			-	540,726	359,998	
3 Total (I	Lines 1 + 2)	-	-	-	494.033	61,371	555,404	3,205,441	504,670	3,710,111	-		-	-	-	-	-	-	-	-	-	3,699,474	566,041	
SNF					.5 .,500	,	,	-,,	22.,270	*1 *1				-								.,,	,- 11	
4 In-state	e	-	-	-	7,542	-	7,542	25,612	5,624	31,236		-			-			- 1			- 1	33,154	5,624	
5 Out-of-s		-	-	-	- 1,0	-	- 1,0		-	-		-			-			-			-	-		
	Lines 4 + 5)	-	-	-	7,542	-	7,542	25,612	5,624	31,236	-			-	-	-	-	-	-	-	-	33,154	5,624	
Other	·									,	-			•									-7-	
7 In-state	e	-	-	-	-	-	-	1,167	-	1,167		-			-			-			-	1,167	-	
8 Out-of-s	-state	-	-	-	-	-	-	-	12,761	12,761		-			-			-			-	-	12,761	
	Lines 7 + 8)	-	-	-	-	-	-	1,167	12,761	13,928	-		-	-	-	-	-	-	-	-	-	1,167	12,761	
	Facility (Lines 3 + 6 + 9)	-	-	-	501,575	61,371	562,946	3,232,220	523,056	3,755,276	-		-	-	-	-	-	-	-	-	-	3,733,795	584,427	
•											·		•											
Outpatient Fac	cility																							
Hospital																								
11 In-state	e	-	-	-	514,964	32,443	547,407	2,837,431	178,261	3,015,692		-			-			-			-	3,352,396	210,704	
12 Out-of-s	-state	-	-	-	117,047	54,151	171,198	200,349	484,800	685,149		-			-			-			-	317,396	538,951	
13 Total (L	Lines 11 + 12)	-	-	-	632,011	86,594	718,605	3,037,780	663,061	3,700,842	-		-	-	-	-	-	-	-	-	-	3,669,791	749,655	
SNF																								
SINI	e	-	-	-	-	-	-	-	-	-		-			-			-			-	-	-	
14 In-state	-state	-	-	-	-	-	-	-	-	-		-			-			-			-	-	-	
14 In-state 15 Out-of-s			-	-	-	-	-	-	-	-	-			-	-	-	-	,		-	-	-	-	
14 In-state 15 Out-of-s 16 Total (L	Lines 14 + 15)	-																						
14 In-state 15 Out-of-s 16 Total (L Freestanding Am	nbulatory Care Facility	-					165,515	586,997	48,705	635,702		-			-			-			-	747,250	53,967	
14 In-state 15 Out-of-s 16 Total (L Freestanding Am 17 In-state	nbulatory Care Facility e	-	-	-	160,253	5,262									-		_	-			-	168,850	101.890	
14	mbulatory Care Facility e -state		-	-	42,588	11,594	54,182	126,262	90,297	216,558		-												
14	nbulatory Care Facility e	-					54,182		90,297 139,002	216,558 852,260	-			-	-	-	-	-	-	-	-	916,100	155,858	
14	mbulatory Care Facility e -state	- - -	-	-	42,588 202,841	11,594	54,182 219,698	126,262 713,259	139,002	852,260	-			-	=	-	-	-	-	-	-	916,100	-	
14	nbulatory Care Facility e e state Lines 17 + 18)		-	1,420	42,588 202,841 109,081	11,594 16,856 7,179	54,182 219,698 116,260	126,262 713,259 617,925	139,002	852,260 628,476	-		-	-	-	-	-	-	-	-	-	916,100	17,731	
14	nbulatory Care Facility e -state Lines 17 + 18) e e e e e e	1,420	-	1,420	42,588 202,841 109,081 15,956	11,594 16,856 7,179 30,833	54,182 219,698 116,260 46,788	126,262 713,259 617,925 130,386	139,002 10,551 109,966	852,260 628,476 240,352	-		-	-	-	-	-		-	-		916,100 728,426 146,342	17,731 140,799	
14 In-state 15 Out-of-s 16 Total (L Freestanding Am 17 In-state 18 Out-of-s 19 Total (L Other 20 In-state 21 Out-of-s 21 Total (L	nbulatory Care Facility e e state Lines 17 + 18)	- - - - 1,420	-	1,420	42,588 202,841 109,081 15,956 125,037	11,594 16,856 7,179 30,833 38,012	54,182 219,698 116,260 46,788 163,048	126,262 713,259 617,925	139,002	852,260 628,476			-	-	-	-	-	-	-	-	-	916,100	17,731	1 6

5	Primary Care 24 Total Primary Care	-	-	-	236,566	66,277	302,843	878,870	153,449	1,032,319			-			-		-		-	1,115,436	219,726	1,335,162
6	Pharmacy 25 Total Pharmacy			-	560,457	63,013	623,470	2,500,130	482,738	2,982,868			-			-		-		-	3,060,587	545,750	3,606,337
	Medical/Surgical other than primary care	107		107	500,447	25.883	526,330	1,872,922	107,942	1,980,864											2,373,477	122 024	2,507,301
7	27 Out-of-state 28 Total Other Medical/Surgical (Lines 26 + 27)	- 107	-	107	100,752 601,200	54,851 80,734	155,604 681,934	328,431 2,201,353	377,542 485,484	705,973 2,686,837	-	-	-	-	-	-	-		-		429,183 2,802,660	133,824 432,394 566,218	861,577 3,368,878
8	All other payments to medical providers	133	-	133	240,951	41,780	282,732	1,082,028	206,290	1,288,317			-			- 1		-		-	1,323,112	248,070	1,571,182

2012 Rate Review Process Areas of Medical Expense Variation

Introductory Remarks

The stated goal of this exercise is to improve OHIC's understanding of the drivers of rising medical spending in Rhode Island by comparing the experience of the issuer's Rhode Island member base to a benchmark. For the purposes of this analysis, we have used our 2011 fully insured MA HMO experience as the benchmark. However, given the size of Tufts Health Plan's membership base in Rhode Island, the results of this comparative analysis will have limited credibility. Our relative costs by area of care have changed significantly in Rhode Island from year to year and are expected to continue to be volatile as our population in this market grows. Although we have commented on the probable causes of each variation listed, these fundamentally reflect a small, immature market compared to a much larger, more mature benchmark and should be interpreted with caution.

1. The top five areas of care, based on per capita total dollar value positive variation from the benchmark

		PMPM	
	Total Excess	Excess	
Area of Care	Spending	Spending	Comments on Estimated Cause
INPATIENT ACUTE MED/SURG	\$1,339,638	\$23.29	Attributable to higher utilization (both admits and ALOS), rather than unit cost.
			High cost claimants identified as having a disproportionately large impact.
			The higher number of admits may be a consequence of lower than benchmark outpatient professional care.
PHARMACY - Rx MM	\$717,042	\$12.46	Attributable to higher utilization across tiers and therapeutic classes.
			Higher utilization driven by more members in RI having prescriptions filled than in the benchmark population, rather than a higher number
			of prescriptions per member.
OUTPATIENT LABORATORY	\$558,538	\$9.71	Capitation strategy applied in the benchmark population successfully contains cost.
OUTPATIENT INJECTIONS	\$425,609	\$7.40	Driven primarily by a difference in payment methodology between RI and the benchmark population. Injection claims in RI are reimbursed
			on a fee for service basis while in the benchmark population they are reimbursed on a fee for service basis or bundled into an outpatient
			surgery case payment. More than 50% of the higher RI utilization is associated with outpatient surgery claims, which would not be
			separately identified in the benchmark population.
OUTPATIENT EMERGENCY ROOM	\$406,508	\$7.07	Attributable primarily to a higher cost per emergency room encounter. This higher cost per encounter is driven less by higher unit cost in RI
			and more by the higher number of services delivered within an emergency room encounter compared to the benchmark.

2. The top five areas of care, based on the percent of positive variation in per capita spending from the benchmark

	Percent of	Total	
	Positive	Excess	
Area of Care	Variation	Spending	Comments on Estimated Cause
OUTPATIENT INJECTIONS	158%	\$425,609	Driven primarily by a difference in payment methodology as described above.
FREE STANDING HIGH COST RADIOLOGY	124%	\$130,764	Higher utilization of allied health facilities, along with lower Outpatient Hospital High Cost Radiology utilization, reflects appropriate re-
(MRI, PET, CT)			direction of care to lower cost providers.
OUTPATIENT LABORATORY	96%	\$558,538	Capitation strategy applied in the benchmark population successfully contains cost.
INPATIENT OTHER	74%	\$117,886	Driven by Mental Health/Substance Abuse services. Capitation strategy for inpatient Mental Health/Substance Abuse within the benchmark
			population effective at containing costs.
OUTPATIENT EMERGENCY ROOM	63%	\$406,508	Attributable primarily to the number of services delivered within an emergency room encounter, as described above.



Provider Contracting Practices and Hospital Contracting Conditions Verification Questionnaire

Background

The Health Insurance Advisory Council (HIAC) to the State of Rhode Island Office of the Health Insurance Commissioner (OHIC) has promulgated Affordability Standards for commercial health insurance issuers in Rhode Island.

Health plans will improve the affordability of health care in Rhode Island by focusing their efforts upon provider payment reform, beginning with primary care. Achievement of this goal will not add to overall medical spend in the short-term, and is expected to produce savings thereafter. Specific areas of focus in support of this goal are as follows:

- 1. Expand and improve the primary care infrastructure in the state—with limitations on ability to pass on cost in premiums
- 2. Spread Adoption of the "Chronic Care Model" Medical Home
- 3. Standardize electronic medical record (EMR) incentives
- 4. Work toward comprehensive payment reform across the delivery system

To support standard four, OHIC has previously issued six conditions for issuer contracts with hospitals in Rhode Island, to be implemented by issuers upon contract execution, renewal, or extension. These are as follows:

- 1. Utilize unit of service payment methodologies for both inpatient and hospital outpatient services that realign payment to provide incentives for efficient use of health services, and are derived from nationally utilized payment practices other than fee for service.
- 2. Limit average annual effective rates of price increase for both inpatient and outpatient services to a weighted amount equal to or less than the Centers for Medicare and Medicaid Services (CMS) National Prospective Payment System Hospital Input Price Index ("Index"), for all contractual and optional years covered by the contract
- 3. Provide the opportunity for hospitals to increase their total annual revenue for

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

commercially insured enrollment under the contract by at least additional two percentage points over the previous contract year by improving or attaining mutually agreed-to performance levels for no less than three nationally-accepted clinical quality, service quality or efficiency-based measures.

- 4. Include terms that define the parties' mutual obligations for greater administrative efficiencies
- 5. Include terms that promote and measure improved clinical communications between the hospital and each patient/member's designated primary care physician, specialist physicians, long term care facility, or other providers.
- 6. Include terms that explicitly relinquish the right of either party to contest the public release of the any and all of these five specific terms by state officials or the participating parties to the agreement.

The purpose of this questionnaire is to assess compliance with standard four of the Affordability Standards and to consider the responses in connection with OHIC's 2012 small and large employer group rate factor review process for commercial health insurance issuers in Rhode Island.

Directions

- 1. Please fill out all parts of questionnaire.
- 2. As no providers are identified and no financial details are solicited, none of this information will be considered proprietary or confidential. Should any information or document be considered confidential by the filer, the filer must request approval of the Health Insurance Commissioner. The request must identify the specific information or document (or portion thereof) which the filer considers confidential, accompanied by a factual and legal analysis supporting the request.
- 3. Questionnaire responses must be verified by filing those portions of each hospital contract which support the survey response. An index or other method of reference must be included to identify which hospital contract documentation relates to each survey response. Any contract excerpts provided will be summarized for review.
- 4. Please contact OHIC with any questions.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407 (401) 462-9640

(401) 462-9645 (Fax)

www.ohic.ri.gov

THIS INFORMATION IS A TRADE SECRET AND MAY NOT BE DISCLOSED TO THIRD PARTIES WITHOUT TUFTS HEALTH PLAN'S PERMISSION

General comment:

Tufts Health Plan has a long standing commitment to investment in payer-provider incentive alignment, and we maintain hospital and physician incentive programs that apply to the vast majority of our network providers. As a relatively new entrant into the RI market, we are at an early stage of incorporating incentive mechanisms into our RI provider contracts. Provider incentive will be a key component of our contracting strategy as we grow our presence in the state of RI.

Tufts Health Plan requests that the information provided in response to this survey be deemed to constitute "trade secrets" within the meaning of the term in section 38-2-2(4)(i)(B) of the Rhode Island General Laws. We have included a footer stating "THIS INFORMATION IS A TRADE SECRET AND MAY NOT BE DISCLOSED TO THIRD PARTIES WITHOUT TUFTS HEALTH PLAN'S PERMISSION".

Finally, due to the questionable reliability of certain information provided in our responses, which is explained in further detail below, it is Tufts Health Plan's expectation and understanding that the information provided in this Provider Survey will not be used or considered in OHIC's review of Tufts Health Plan's rates.

Part 1. Hospital Inpatient Services

- Please fill out one row in the chart below for each general service institution (no specialty care, no rehab) with whom you contract in RI.
- Institution means hospital system if all contractual terms other than \$ amounts apply identically across all inpatient facilities in the contract.
- Incentives refer to activities or measures resulting in additional payments by the insurer.

	Duration of Current		Does Contract have				
	Contract since inception		provision for additional			Does this contract comply with	
	or last renewal,	Unit of Payment for	outlier payments and/or	Are there Quality or Customer	Utilization Incentives in	OHIC's July 2011 Rate Factor	
Institution/	whichever is later	Services (check all	severity adjusters (y/n)	Service Incentives in Contract	Contract: (check all that	Decision – Additional	
System	(years)	that apply)	and any comments	(y/n) ¹ ?	apply)	Conditions? ²	Comments

¹ Examples include supplemental payments beyond base fees for Bridges to Excellence Measure, Medicare Compare measures, HIT adoption, or customer satisfaction measures.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

www.ohic.ri.gov

THIS INFORMATION IS A TRADE SECRET AND MAY NOT BE DISCLOSED TO THIRD PARTIES WITHOUT TUFTS HEALTH PLAN'S PERMISSION

² Attach analysis and relevant documentation from contracts to demonstrate compliance status.

Institution/ System 1	Duration of Current Contract since inception or last renewal, whichever is later (years) 3 Years	Unit of Payment for Services (check all that apply) X DRG X Per Diem% of Charges Bundled Services Capitation or other budgetingOthers (please specify)	Does Contract have provision for additional outlier payments and/or severity adjusters (y/n) and any comments	Are there Quality or Customer Service Incentives in Contract (y/n)¹? No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. ³	Utilization Incentives in Contract: (check all that apply) admission reductions day reductions process/structural changes (e.g. discharge practices)Others (please specify)	Does this contract comply with OHIC's July 2011 Rate Factor Decision – Additional Conditions? ² N/A (Contract has not been renegotiated)	Comments
2	3 Years	x_DRG x_Per Diem% of Charges Bundled Services Capitation or other budgetingOthers (please specify)	Yes to additional outlier provision	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0.5~1.0%	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	
3	3 Years	DRGPer Diem _x % of Charges Bundled Services	No	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality	admission reductions day reductions Others (please specify)	N/A (Contract has not been renegotiated)	

³ % for Incentive Payments plus % for Services = 100%. Incentive payments not specified for inpatient or outpatient should be classified as inpatient.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Institution/ System	Duration of Current Contract since inception or last renewal, whichever is later (years)	Unit of Payment for Services (check all that apply) Capitation or other budgetingOthers (please specify)	Does Contract have provision for additional outlier payments and/or severity adjusters (y/n) and any comments	Are there Quality or Customer Service Incentives in Contract (y/n)¹? incentive payments. 0.1~0.5%	Utilization Incentives in Contract: (check all that apply)	Does this contract comply with OHIC's July 2011 Rate Factor Decision – Additional Conditions? ²	Comments
4	2 Years	DRG _x_Per Diem% of Charges Bundled Services Capitation or other budgetingOthers (please specify)	Yes to additional outlier provision	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	
5	3 Years	DRGPer Diem x % of ChargesBundled Services Capitation or other budgetingOthers (please specify)	No	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	
6	3 Years	DRGPer Diem _x % of ChargesBundled	No	No If yes - % of total payments for inpatient services in CY	admission reductions day reductions Others (please specify)	N/A (Contract has not been renegotiated)	

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Institution/ System	Duration of Current Contract since inception or last renewal, whichever is later (years)	Unit of Payment for Services (check all that apply) Services Capitation or other budgetingOthers (please	Does Contract have provision for additional outlier payments and/or severity adjusters (y/n) and any comments	Are there Quality or Customer Service Incentives in Contract (y/n)¹? 2011 spent on quality incentive payments.	Utilization Incentives in Contract: (check all that apply)	Does this contract comply with OHIC's July 2011 Rate Factor Decision – Additional Conditions? ²	Comments
7	1 Year	specify) DRGYer Diem% of ChargesBundled ServicesCapitation or other budgetingOthers (please specify)	Yes to additional outlier provision	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments 0-2%	_X_ admission reductions _X day reductionsOthers (please specify)	Yes, please see attached	
8	3 Years	DRG _x_Per Diem% of ChargesBundled Services Capitation or other budgetingOthers (please specify)	Yes to additional outlier provision	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	

Additional Questions for Hospital Inpatient Services

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

1. List the five most common areas of quality and service incentives in your company's inpatient contracts:

(These measures apply to our hospital contracts that combine inpatient and outpatient services.)

- i. Joint Commission measures (e.g., AMI, CHF, pneumonia)
- ii. Leapfrog measures (e.g., CPOD, ICU staffing)
- iii.Prevention of "Never Events"
- iv. Surgical infection rates
- v. Readmission rates
- 2. Estimated Percent of total payments to RI Hospitals for inpatient services in CY 2011 spent on quality incentive payments. 0.1~1%
- 3. Estimated Percent of total payments to RI Hospitals for inpatient services in CY 2011 paid through units of service based on efficient resource use (i.e DRG, Capitation, Bundled Service or partial/global budgeting): <5%
- **4.** Estimated Payments in first six months of CY 2011 for Inpatient Services to Hospitals as % of what Medicare would have paid for similar set. of services: See comment (add comments or caveats)

For inpatient services Tufts Health Plan does not currently have the technical capability to benchmark to Medicare IPPS reimbursement. Conducting such analysis would require incremental time, resources and technical capabilities. Benchmarking Tufts Health Plan inpatient payments to Medicare IPPS may yield volatile and potentially unreliable results due to a) differences in reimbursement methodology (Tufts Health Plan reimburses the majority of inpatient claims on either a Per Diem or Percent of Charge basis); b) our relatively small volume of business in Rhode Island; c) mix of services; and d) chargemaster levels to some of the hospitals in Rhode Island. Additionally, it is our belief that a Medicare comparison for some hospitals that perform very specific services, like Obstetrics, will not result in a comparison that is useful and may lead to unintended and/or misinterpreted conclusions.

Other Comments on Quality/Efficiency Incentives in Hospital Inpatient Contracting:

Part 2. Hospital Outpatient Services

- Please fill out one row in the chart below for each general service institution (no specialty care, no rehab) with whom you contract in RI.
- Institution means hospital system if all contractual terms other than dollar amounts apply identically across all inpatient facilities in the contract.
- Outpatient Services include any services not involving an admission and covered under the contract with the institution.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System
State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

www.ohic.ri.gov

Institution/ System	Unit of Payment for Outpatient Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁴ ?	Utilization Incentives in Contract: (check all that apply)	Comments
1	 x_Procedure-based methodology – using plan, provider or industry coding. APC Code Other (please specify) 	No If yes - %of total payments for inpatient services in CY 2011 spent on quality incentive payments. ⁵	Visit/Volume Reduction Others (please specify)	
2	 X Procedure-based methodology – using plan, provider or industry coding. APC Code Other (please specify) 	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0.5~1.0%	Visit/Volume Reduction Others (please specify)	
3	 x Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0.1~0.5%	Visit/Volume Reduction Others (please specify)	
4	 x_Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality	Visit/Volume Reduction Others (please specify)	

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

⁴ Examples include supplemental payments beyond base fees for structural changes such as HIT, process measures or customer satisfaction.
⁵ % for Incentive Payments plus % for Services = 100%. Incentive payments not specified for inpatient or outpatient should be classified as inpatient.

Institution/ System	Unit of Payment for Outpatient Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁴ ? incentive payments.	Utilization Incentives in Contract: (check all that apply)	Comments
5	 X Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	
6	 X Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	
7	 X Procedure-based methodology – using plan, provider or industry coding. APC Code Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	
8	 X Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	

Additional Questions for Hospital Outpatient Services

1. List the five most common areas of quality and service incentives in your company's hospital outpatient contracts:

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

(These measures apply to our hospital contracts that combine inpatient and outpatient services.)

- i. Joint Commission measures (e.g., AMI, CHF, pneumonia)
- ii. Leapfrog measures (e.g., CPOD, ICU staffing)
- iii.Prevention of "Never Events"
- iv.Surgical infection rates
- v. Readmission rates

2.	Percent of total pa	syments to RI Hos	pitals for outpatier	nt services in CY 2011 s	pent on qualit	ty incentive pa	yments.	0.1~1%	
----	---------------------	-------------------	----------------------	--------------------------	----------------	-----------------	---------	--------	--

- 3. Percent of total payments to RI Hospitals for outpatient services in CY 2011 paid through units of service based on efficient resource use (i.e APC, Bundled Services or partial/global budgeting): ____n/a______
- 4. Estimated Payments in first six months of CY 2011 for Outpatient Services to Hospitals as % of what Medicare would have paid for similar set. of services: 222% (i.e. 122% over Medicare Reimbursement) (add comments or caveats)

For Outpatient Services, Tufts Health Plan has the technical capabilities to perform the required benchmarking analysis to Medicare; however, we have concerns about the confidence level in the accuracy of the supplied benchmark. Our concerns are due to a) the allowed reimbursement at a claim level was compared to fee information obtained from OPPS and CMS ancillary schedules such as Clinical Lab, DME etc.; b) we are not able to reprocess our claims through an OPPS Grouper and were limited to a line level reprice based on OPPS/Ancillary fees which means that exact Medicare reimbursement can only be approximated; c) Procedures that do not have a fee on OPPS/Ancillary schedules, or are billed in a different manner to Medicare (e.g., observation) were dropped from the analysis.

Additionally, Tufts Health Plan has concerns that the results may be skewed due to a few high-volume hospitals and the large number of providers reimbursed on a percent of charges basis – factors that may distort the data due to particular mix of services and chargemaster levels of PAF providers. Based on the concerns listed above it is our belief that a Medicare comparison might not result in a benchmark that is useful and could lead to unintended and/or misinterpreted conclusions that if made public could impact certain contract negotiations by putting upward pressure on unit costs.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Other Comments on Quality/Efficiency Incentives in Hospital Outpatient Contracting:

Part 3: Professional Groups

- "Professional Groups" is defined as non institutional/non facility groups with a valid contract and a single tax id number.
- Please provide information for the top 10 groups (measured by \$ paid in 2011), filling in one row per group (10 rows in the table total).

Group	Specialty Type	Unit of Payment for Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁶ ?	Utilization Incentives in Contract: (check all that apply)	Comments
1	Multi- specialty	x Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 7	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
2	Multi- specialty	_X_ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction use of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
3	Multi- specialty	_ X _ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code	No If yes - % of total payments for inpatient services in CY 2011 spent	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care	

⁶ Examples include supplemental payments beyond base fees for EMR adoption, structural changes, accreditation, process measures or patient satisfaction.

⁷ % for Incentive Payments plus % for Services = 100%. Incentive payments not specified for inpatient or outpatient should be classified as inpatient.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System State of Rhode Island Office of the Health Insurance Commissioner

> 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920-4407 (401) 462-9640 (401) 462-9645 (Fax)

Group	Specialty Type	Unit of Payment for Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁶ ?	Utilization Incentives in Contract: (check all that apply)	Comments
		Full/ Partial Capitation Other (please specify)	on quality incentive payments	use of pharmacy services Others (please specify)	
4	Sub - Specialty	_X_ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
5	Primary Care	_ X _ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. ———	Visit/Volume Reduction use of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
6	Primary Care	_X_Procedure-based methodology – using CPT, plan, provider or other codingAPC Code _Full/ Partial Capitation _Other (please specify)	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0~5%	 X Visit/Volume Reduction use of ancillary/referred services use of diagnostic tests overall efficiency of care x use of pharmacy services x Others (please specify) 	Quality/Member Satisfaction
7	Sub - Specialty	_ X _ Procedure-based methodology – using CPT, plan,	No	Visit/Volume Reductionuse of ancillary/referred services	

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Group	Specialty Type	Unit of Payment for Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁶ ?	Utilization Incentives in Contract: (check all that apply)	Comments
		provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
8	Sub - Specialty	_X_Procedure-based methodology – using CPT, plan, provider or other codingAPC CodeFull/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
9	Multi- specialty	_X_ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred servicesuse of diagnostic testsoverall efficiency of careuse of pharmacy servicesOthers (please specify)	
10	Multi- specialty	_X_Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Additional Questions for Professional Groups

- 1. List the five most common areas of quality and service incentives in your company's professional group contracts:
 - i. HEDIS (diabetes, breast cancer screening, colonoscopy, etc.)
 - ii. HCHAPS
 - iii. EMR adoption
 - iv. Inpatient and ER use
 - v. Rx Management
- 2. Percent of total payments to these ten professional groups in CY 2011 spent on quality incentive payments. ___<1%____
- 3. Percent of total payments to these ten professional groups in CY 2011 paid through units of service based on efficient resource use (i.e APC, Bundled Services or partial/global budgeting): ___n/a____
- 4. Estimated Payments in first six months of CY 2011 for Professional Group Services as % of what Medicare would have paid for similar set. of services: 122% (i.e. 22% over Medicare Reimbursement) (add comments or caveats)

The analysis was conducted using a claim line level comparison between allowed reimbursement and Medicare fee information obtained from RBRVS tables as well as Medicare ancillary schedules such as clinical lab, DME etc. Anesthesia services were also included. Procedures that Medicare does not reimburse but supplies RVU information for, such as preventive medicine and consults codes, are included at the RVU level rate for the Medicare comparison. Claims lines that do not have RBRVS/Ancillary schedule information were dropped from the analysis.

Additionally, Tufts Health Plan has concerns that the results may be skewed due to particular mix of services for providers. Based on the concerns listed above it is our belief that a Medicare comparison might not result in a benchmark that is useful and could lead to unintended and/or misinterpreted conclusions that if made public could impact certain contract negotiations by putting upward pressure on unit costs.

Other Comments on Quality/Efficiency Incentives in Professional Group Contracting:

Selected Contract Sections Showing Compliance To OHIC Conditions

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Effective for dates of service on or after January 1, 2011

Office of the Health Insurance Commissioner Conditions

<u>Pay-For-Performance:</u> [Redacted] is available for the Hospital to earn based upon quality and/or efficiency measures [redacted].

<u>Case Rates:</u> In the event [redacted] parties agree to meet to discuss the potential to transition to efficiency based payment methodologies (e.g., DRG, APC) in a manner that [redacted].

<u>Administrative Efficiency:</u> Tufts Health Plan agrees to assign a Contract Specialist to provide ongoing contract related support through the term of the agreement to help mitigate contract related issues.

The Hospital agrees to work with and communicate issues to the Contract Specialist on an ongoing basis and work in good faith to resolve contract related issues in a timely manner.

<u>Communication</u>: During calendar year 2011 parties agree to formalize clinical communication that promotes and measures improved clinical communications between the hospital and each patient/member's designated primary care physician, specialist physicians, long term care facility, or other providers.

<u>Public Release of Contract Terms:</u> Parties agree to allow the public release of terms outlined in this agreement if compelled by State regulatory authorities.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System
State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

1. Please provide an excel spreadsheet in the following format, detailing the 2011 actual and 2013 requested small and large group administrative costs pmpm, allocated among the NAIC- financial statement administrative cost categories. Please explain any significant changes from the financial filing for 2011 (increases/decreases of more than five percent in a particular category).

	2011 Actual (fr	om filed financial					
RI Insured HMO	state	ments)	2013 P	roposed	% Change		
						Large	
	Small Group	Large Group	Small Group	Large Group	Small Group	Group	
Total Estimated Member							
Months	4,509	18,246	4,480	19,600	-0.6%	7.4%	
Total Estimated Premiums							
(\$pmpm)	\$378.21	\$397.92	\$420.71	\$442.55	11.2%	11.2%	
Total General Administrative							
Expense	\$41.82	\$41.20	\$47.08	\$44.89	12.6%	9.0%	
Total Cost Containment							
Expense	\$10.43	\$9.64	\$10.17	\$10.17	-2.5%	5.5%	
Total Other Claim Adjustment							
Expense (\$pmpm)	\$7.99	\$7.38	\$7.79	\$7.79	-2.5%	5.5%	
Breakdown of General Adminis	strative Expense	(\$pmpm)					
a. Payroll and benefits	\$2.94	\$2.72	\$2.87	\$2.87	-2.5%	5.5%	
b. Outsourced Services (EDP,							
claims etc.)	\$0.09	\$0.09	\$0.09	\$0.09	-2.5%	5.5%	
c. Auditing and consulting	\$8.02	\$7.42	\$7.82	\$7.82	-2.5%	5.5%	
d. Commissions	\$13.59	\$14.62	\$15.35	\$13.15	12.9%	-10.0%	
e. Marketing and Advertising	\$1.76	\$1.63	\$1.72	\$1.72	-2.5%	5.5%	
f. Legal Expenses	\$0.17	\$0.16	\$0.16	\$0.16	-2.5%	5.5%	
g. Taxes, Licenses and Fees	\$7.56	\$7.96	\$11.99	\$11.99	58.5%	50.6%	
h. Reimbursements by							
Uninsured Plans	\$0.00	\$0.00	\$0.00	\$0.00	0.0%	0.0%	
i. Other Admin Expenses	\$7.68	\$6.62	\$7.09	\$7.09	-7.7%	7.1%	

Notes

2. Please also provide an excel spreadsheet in the following format; detailing actual calendar year 2007-2011 fully insured commercial administrative costs, in accordance with the following table. This should be consistent with the annual statement filings to OHIC for administrative costs, providing additional detail on the components of administrative costs using the categories defined by NAIC financial statement and as allocated to commercially insured business only. Specifically, the information provided should agree with the "Exhibit of Premiums, Enrollment and Utilization" and the "Analysis of Operations by Line of Business" schedules included in the Annual Statements on file with OHIC. Where there are variance, a reconciliation and explanation should be provided.

Fully Insured Commercial Administrative Cost History

RI Insured HMO	2007	2008	2009	2010	2011
Total Premiums			1,212,134	6,544,977	8,965,746
Total General Administrative					
Expense			192,865	732,653	940,237
General Admin Exp. Ratio			15.9%	11.2%	10.5%
Total Fully Insured Member					
Months			3,878	18,547	22,755
General Administrative					
Expense (\$pmpm)			\$49.73	\$39.50	\$41.32
Breakdown of General Adminis	trative Evnens	o (\$nmnm)			
a. Payroll and benefits	trative Experis	е (фриции) Г	\$3.37	\$2.49	\$2.76
b. Outsourced Services (EDP,			ψ5.57	Ψ2.43	Ψ2.70
claims etc.)			\$0.01	\$0.01	\$0.09
c. Auditing and consulting			\$5.92	\$4.93	\$7.54
d. Commissions			\$11.74	\$16.10	\$14.41
e. Marketing and Advertising			\$2.52	\$1.72	\$1.66
f. Legal Expenses			\$0.08	\$0.11	\$0.16
1 3 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1			70.00	*****	40
g. Taxes, Licenses and Fees			\$6.25	\$7.06	\$7.88
h. Reimbursements by					
Uninsured Plans			\$0.00	\$0.00	\$0.00
i. Other Admin Expenses			\$19.85	\$7.03	\$6.83
0			20,000	450 470	202 207
Cost Containment Expense			20,663	158,478	222,967
Other Claim Adjustment			07.404	454.040	470 707
Expense			27,194	151,819	170,707
Total Self Insured Member					
Months for all Affiliated					
Companies doing business in					
RI			113,694	0	662

Notes:

^{1.} The expense in any given administrative category may vary from year to year due to the small size of Tufts Health Plan's HMO block of business in Rhode Island. In aggregate, however, total admin has increased less than about 3% per year.

^{1.} Total premiums for 2010 differ from the aggregate amount submitted in last year's filing, but are consistent with the individual small and large group figures submitted last year.

RI Insured HMO

- 3. At the request of OHIC's Health Insurance Advisory Council, please provide brief answers to the following questions
- In general and net of new taxes and fees, why should the rate of increase in Health Plan administrative costs exceed the general inflation rate?

Administrative expenses in total in a given year are adjusted for inflation, membership growth or loss and increases or decreases in corporate projects, which are often driven by regulatory requirements and government mandates. As a general practice, to set administrative expense targets for the annual financial plan, fixed administrative costs are grown at an inflationary rate. Variable administrative costs are then developed by applying inflation to the variable pmpm rate and then multiplying the inflated pmpm rate by planned member months. While those are the initial steps to develop targets, each administrative function is reviewed in detail to identify potential administrative cost savings and targets are adjusted accordingly.

• What percentage of administrative costs does your organization consider fixed for the next five years? Provide detail by expense categories.

For the total company, we currently consider 58% of our costs fixed as follows:

Fixed Administrative Costs by Category:	
Network Management	2%
Sales and Marketing	4%
Clinical Services	5%
Operations	5%
IT & Business Effectiveness	8%
Corporate Projects	14%
Fixed Overhead and Other	<u>20%</u>
Total Fixed Administrative Expenses	58%

• What administrative services are used by fully insured members that are not used by self-insured clients (e.g. broker commissions) and what are the estimated total costs (\$pmpm) for those services?

Administrative costs for fully insured membership include expenses associated with medical cost containment (\$9.80 pmpm), whereas in most cases self-insured clients bear these costs directly. Broker commissions (\$14.41 pmpm) are also not applicable to most self-insured clients.

 What does your plan use as its pmpm benchmarks or price points for commercial insurance administrative costs and why? We periodically participate in the benchmarking survey used to develop the *Sherlock Expense Evaluation Reports* (SEER) which are viewed as the definitive benchmarks for the functional areas of health plan administration. The Sherlock Expense Evaluation Reports (SEER) supply comprehensive and highly granular financial and operational metrics.



Health System Improvements Survey

The State of Rhode Island Office of the Health Insurance Commissioner Regulation 2 lists standards to be used by the Health Insurance Commissioner (Commissioner) for the assessment of the conduct of commercial health insurance issuers in Rhode Island for their efforts aimed at improving the efficiency and quality of health care delivery and increasing access to health care services. The standards include the following issuer activities:

- 1. Directing resources, including financial contributions, toward system-wide improvements in the state's health care system related to quality, access and efficiency, including providing support to local collaboratives, organizations, and initiatives that promote these three goals
- 2. Participating in the development and implementation of public policy issues related to health

To assist the Commissioner in this assessment, as part of the 2012 small and large employer group rate factor review process for commercial health insurance issuers in Rhode Island, please itemize and quantify your organization's contributions of finances and other material assets to these efforts in Rhode Island in calendar year 2011 in the following table.¹

System-wide Improvement Activity	Brief Description of Activity and How it Promotes Health Care System Quality, Access or Efficiency	Value of 2011 Issuer Contributions
Funding	Grants provided by the Tufts Health Plan Foundation and Community Relations to the following RI organizations to support wellness and safety initiatives	\$515,724
	Best Buddies International	
	Best Buddies Intergenerational College Project	
	Grant Amount: \$20,000	
	Mount St. Rita Health Centre	
	Blessings in a Back Pack	
	Grant Amount: \$5,000	
	Bethany Home of Rhode Island Inc.	

¹ The contributions can be to any entity other than a provider to improve medical and prevention services for all Rhode Islanders and to promote a coherent, integrated, and efficient statewide health care system.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920-4407 (401) 462-9640 (401) 462-9645 (Fax)

System-wide Improvement Activity	Brief Description of Activity and How it Promotes Health Care System Quality, Access or Efficiency	Value of 2011 Issuer Contributions
	Bethany Home Cares Grant Amount: \$43,036 • Homefront Health Care HIP-SAFE (Homefront Intervention to Prevent Slips & Falls in Elders) Grant Amount: \$59,438 • Rhode Island Free Clinic Inc. Healthy Lifestyles for Today and Tomorrow Grant Amount: \$60,000 • The Providence Center InShape Seniors Grant Amount: \$42,000 • Ocean State Center for Independent Living (OSCIL) Home Sweet Accessible Home Grant Amount: \$40,000 • Westbay Community Action Inc. Elder Safety Grant Amount: \$42,000 • Rhode Island Quality Institute Health Information Exchange Support Grant Amount: \$25,000 • EMR Payments \$179,250	
Participation in RI initiatives, programs and organizations	The goals of these programs, initiatives and organizations is to improve quality and/or transform primary care in the state: • CSI/Beacon (Project director, project manager, and nurse case manager support) \$38,329 • Value of Resource Time in Various Programs (Estimate of \$30,000 for 0.2 FTE for 2011) • RI DOH Medical Director meetings • RI Quality Partners Safe Transitions • RI Senate Commission on Hospital Payment Reform • RIQI Board of Directors • RI CSI Beacon Executive Committee	\$68,329

Thank you for your cooperation.

Tufts Associated Health Maintenance Organizations, Inc.

Small Group Rate Filing -- Effective Date January 1, 201:

Part 1. Historical Information

Experience Period for Developing Rates

From To 01/01/2009 12/31/2011

Utilization/Experience Data by Quarter (Last 12 Available Quarters)

								Incurred						Other				
					Incurred			Claims	Incurred			Quality	Other Cost	Claim	Other	Investment		
			Member	Earned	Claims	Incurred	Incurred Claims	Primary	Claims Other	Incurred		Improveme	Containmen	Adjustment	Operating	Income	Commission	Contribution
Quarter	End Date	IP Days	Months	Premium	Total	Claims IP	<u>OP</u>	Care	M/S	Claims Rx	Loss Ratio	nt Expense*	t Expense*	Expense*	Expense*	Credit	<u>s</u>	to Reserves
1 (Oldest)	03/31/2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2	06/30/2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3	09/30/2009	5	606	\$191,989	\$179,755	\$18,154	\$29,796	\$10,316	\$101,355	\$20,134	95.9%	\$4,344	\$2,127	\$3,714	\$21,335	N/A	\$8,222	(\$27,509)
4	12/31/2009	14	1,276	\$402,183	\$298,747	\$51,528	\$53,724	\$33,981	\$110,223	\$49,291	76.6%	\$9,146	\$4,480	\$7,821	\$44,924	N/A	\$17,313	\$19,753
5	03/31/2010	20	1,524	\$478,085	\$399,388	\$60,312	\$86,443	\$39,178	\$150,270	\$63,186	85.7%	\$10,487	\$4,915	\$8,581	\$40,284	N/A	\$29,053	(\$14,622)
6	06/30/2010	32	1,706	\$541,343	\$463,611	\$103,913	\$110,615	\$37,347	\$137,711	\$74,024	87.8%	\$11,739	\$5,502	\$9,605	\$45,095	N/A	\$32,522	(\$26,732)
7	09/30/2010	42	1,417	\$468,684	\$386,346	\$85,426	\$105,558	\$29,809	\$100,668	\$64,885	84.5%	\$9,751	\$4,570	\$7,978	\$37,456	N/A	\$27,013	(\$4,429)
8	12/31/2010	3	1,198	\$426,511	\$278,535	\$7,440	\$67,702	\$26,895	\$117,412	\$59,085	67.2%	\$8,244	\$3,863	\$6,745	\$31,667	N/A	\$22,838	\$74,619
9	03/31/2011	14	1,198	\$440,948	\$274,894	\$21,063	\$51,148	\$36,189	\$98,135	\$68,360	64.1%	\$7,868	\$7,531	\$7,488	\$31,687	N/A	\$15,903	\$95,576
10	06/30/2011	8	1,174	\$440,254	\$316,418	\$11,200	\$106,006	\$31,014	\$99,789	\$68,409	73.6%	\$7,710	\$7,380	\$7,338	\$31,053	N/A	\$15,584	\$54,770
11	09/30/2011	20	1,125	\$431,534	\$343,239	\$58,259	\$82,706	\$32,198	\$99,413	\$70,663	81.3%	\$7,388	\$7,072	\$7,032	\$29,757	N/A	\$14,934	\$22,113
12	12/31/2011	21	1,120	\$465,884	\$335,312	\$41,401	\$93,417	\$29,835	\$101,530	\$69,129	73.6%	\$7,356	\$7,041	\$7,001	\$29,624	N/A	\$14,867	\$64,684

^{*} These categories should conform generally to the reporting in the NAIC statement Underwriting & Investment Exhibit Part 3- Analysis of Expenses and/or to the Supplemental Health Care Exhibit, Lines 6.3 and 8.1 If any of the historical information reported is different from that period as reported in the prior rate filing, please provide a reconciliation and explanation showing the amount of each element of difference.

- 1. The Other Operating Expenses shown above include taxes, licenses and fees, which were excluded in previous fillings for the same time periods

- 2. Primary care claims definition has been revised to match the Primary Care Spend report
 3. Expenses such as network access fee, COB and claims interest are moved from Other M/S claims to administrative expenses according to NAIC definition
 4. Claims Total differences from the previous filings for the same time periods are due to updated IBMR factors that reflect more up to date claims payment, as well as the revision to the Other M/S claims definition
 5. Loss ratio is calculated as (Incurred Claims Total + Quality Improvement Expense) / Earned Premium

Part 2. Prospective Information

A. 2013 Trend Factors for Projection Purposes (Annualized)

	<u>IP</u>
Total	5.2%
Price Only	3.6%
Utilization	1.5%
Other**	
Other**	
Other**	
·	·
Weights	20.4%

<u>IP</u>	<u>OP</u>	Primary Care	Other M/S	<u>Rx</u>	Weighted Total
5.2%	6.7%	5.4%	4.7%	4.7%	5.4%
3.6%	3.4%	3.3%	1.8%	0.8%	2.6%
1.5%	3.2%	2.0%	2.9%	3.9%	2.8%
			-		•
20.4%	26.5%	9.4%	26.3%	17.4%	100%

²⁰¹² Trend Factors for Projection Purposes (Annualized)

Total		
Price Only		
Utilization		
Other**		
Other**		
Other**		
	' <u></u>	
Weights		2

•	•	•		<u>Autism</u>		
<u>IP</u>	<u>OP</u>	Primary Care	Other M/S	<u>Mandate</u>	<u>Rx</u>	Neighted Total
5.9%	7.6%	6.4%	4.8%	0.2%	0.3%	5.3%
3.6%	3.7%	4.1%	1.3%		-3.6%	1.9%
2.2%	3.8%	2.2%	3.5%		4.0%	3.3%
20.2%	24.7%	8.4%	29.3%		17.4%	100%

B. The following items for the period to which the rate filing applies, by quarter:

					Quality						
					Improvem	Other Cost		Other			
		Average %	Expected	Expected	ent	Containme	Other Claim	Operating	Average	Investment	
	Beginning	Rate	Pure Medical	Contribution to	Expense	nt Expense	Adjustment	Expense	Commissions	Income	Premium
Quarter	<u>Date</u>	Increase	Cost Ratio	Reserves %	<u>%*</u>	<u>%*</u>	Expense %*	<u>%*</u>	<u>%*</u>	Credit %	Tax %
1	01/01/2013	6.1%	85.9%	0.0%	1.6%	1.4%	1.4%	4.2%	3.5%	0.0%	2.0%
2	04/01/2013	5.8%	85.9%	0.0%	1.6%	1.4%	1.4%	4.2%	3.5%	0.0%	2.0%

^{**} All elements should add or compound to the total. If anything is to be reported as "Other" please provide a description.

^{**} All elements should add or compound to the total. If anything is to be reported as "Other" please provide a description.

3	07/01/2013	5.9%	85.9%	0.0%	1.6%	1.4%	1.4%	4.2%	3.5%	0.0%	2.0%
4	10/01/2013	6.1%	85.9%	0.0%	1.6%	1.4%	1.4%	4.2%	3.5%	0.0%	2.0%
Weighted	Average	6.0%	85.9%	0.0%	1.6%	1.4%	1.4%	4.2%	3.5%	0.0%	2.0%

					Quality						
					<u>Improvem</u>	Other Cost		Other			
		Average %	Expected	Expected	<u>ent</u>	Containme	Other Claim	Operating	Average	Investment	
	Beginning	Rate	Pure Medical	Contribution to	Expense	nt Expense	Adjustment	Expense	Commissions	Income	Premium
Quarter	<u>Date</u>	Increase	Cost Ratio	Reserves %	<u>%*</u>	<u>%*</u>	Expense %*	<u>%*</u>	<u>%*</u>	Credit %	<u>Tax %</u>
1	01/01/2012	3.4%	86.5%	0.0%	0.9%	0.7%	1.3%	5.1%	3.5%	0.0%	2.0%
2	04/01/2012	3.0%	86.5%	0.0%	0.9%	0.7%	1.3%	5.1%	3.5%	0.0%	2.0%
3	07/01/2012	4.0%	86.5%	0.0%	0.9%	0.7%	1.3%	5.1%	3.5%	0.0%	2.0%
4	10/01/2012	6.6%	86.5%	0.0%	0.9%	0.7%	1.3%	5.1%	3.5%	0.0%	2.0%
Weighted	l Average	4.2%	86.5%	0.0%	0.9%	0.7%	1.3%	5.1%	3.5%	0.0%	2.0%

^{*} These categories should conform generally to the reporting in the NAIC statement Underwriting & Investment Exhibit Part 3 - Analysis of Expenses and to the Supplemental Health Care Exhibit, Lines 6.3 and 8.1 The sum of the expenses, commissions, contributions to reserves, investment income credit, taxes and the medical loss ratio should be 100%.

C. Average Rate Increase Components

The following items should reconcile to the Weighted Average Percent Rate Increase for the year:

	Price	Utilization, Mix	<u>Total</u>
Hospital Inpatient Price	0.6%	0.3%	0.9%
Hospital Outpatient	0.8%	0.7%	1.5%
Primary Care	0.3%	0.2%	0.4%
Med/Surg Other Than Primary Care	0.4%	0.6%	1.0%
Pharmacy	0.1%	0.6%	0.7%
Administrative Expense (Aggregated)			0.7%
Contribution to Reserves			0.0%
Taxes and Assessments			0.2%
Legally Mandated Changes			0.0%
Prior Period Adjustment (+/-)			0.6%
Total			6.0%

Note

Part 3. Retrospective Reconciliation of Experience with Filed Factors

			Filed Data ¹			PMPN	I Increase ²	Standard	l Plan PMPM ³	Standard Pla	an Increase ⁴	Appr	oved	Loss Ratio		
<u>Year</u>	Member Months	Earned Premium	Incurred Claims Total	Premium PMPM	Claims PMPM	<u>Premium</u>	<u>Claims</u>	Premium	<u>Claims</u>	Premium	Claims	Trend Increase%	Contrib to Reserves%	Actual%	Filed%	
2009	1,882	594,171	491,991	\$315.71	\$261.42			364.45	177.10			9.7%	0%	82.8%	87.0%	
2010	5,845	1,914,623	1,568,101	\$327.57	\$268.28	3.8%	2.6%	376.09	286.57	3.2%	61.8%	9.5%	0%	81.9%	87.0%	
2011	4,617	1,778,619	1,300,186	\$385.23	\$281.61	17.6%	5.0%	403.61	278.08	7.3%	-3.0%	9.2%	0%	73.1%	87.4%	

¹ Corresponds to historical Information data in Part 1 above

Note

Due to the lack of credible experience, manual rates are developed by trending forward prior base rates to reflect trend changes. Therefore, depending on the timing of trend change, rate increases may be different from trend increase. The difference is reflected as Prior Period Adjustment above.

² Percent increase compared to prior year

³ For most commonly held plan of benefits in 2010 and for the same plan of benefits in 2011

⁴ Percent increase compared to prior year

^{1.} Filed loss ratio for CY 2011 is the sum of the expected pure medical cost ratio and expected quality improvement expenses % in 2011 rate factor filing

Rhode Island Health Statement Supplement

Cover Sheet

Tufts Associated Health Maintenance Organizations & Tufts Company Name

Insurance Company

Enter NAIC# 95688 & 60177 **Reporting Year** 2011

Enter DBR registration # (TPAs)



OFFICE OF THE **HEALTH INSURANCE COMMISSIONER**

STATE OF RHODE ISLAND

Office of the Health Insurance Commissioner 1511 Pontiac Ave, Building #69 first floor Cranston, RI 02920 (401) 462-9517 (401) 462-9645 (fax) HealthInsInquiry@ohic.ri.gov

			-			2		2	-	4					7		0				10	$\overline{}$		11	
		+	1			2		3	+	4	5)	/		ď		9	+	10	-+		1.1	
	Line of Business Exhibit																								
	Elifo of Busilious Exhibit						Sto	p loss/ Excess												Othe	r Medical No	ion-			
Field			hensive/Major n	nedical		ASO/TPA	loss	s/Reinsurance		are Part C	Medicare F			lement Policies			Student blank		Dental Only		mprehensive			all lines of busine	ess)
		RI	Non-RI	All	RI	Non-RI	All RI	Non-RI All	RI No	on-RI All	RI Non-R	All	RI Non	-RI All	RI Non-RI	All R	I Non-RI	All RI	Non-RI All	RI	Non-RI	All	RI I	lon-RI	All
	Membership Data																								
	Number of Polices or Certificates	197	-	197	1	-	1	-		-	91	91	3	- 3		-		-	-			-	292	-	292
	Number of Covered Lives	3,936	737	4,673	299	29	328	-		-	91	91	5	- 5		-		-	-			-	4,331	766	5,097
1	Member Months	48,618	8,909	57,527	603	59	662	-		-	1,062	1,062		- 60		-		-	-			-	50,343	8,968	59,311
	Number of Polices or Certificates (Plans with PD benefits)	197	-	197	1	-	1 -				91 -	91		- 3						-		-	292	-	292
	Number of Covered Lives (Plans with PD benefits) Member Months (Plans with PD benefits)	3,936	737	4,673 57.527	299	29	328 -		-		91 -	91	5	- 5						-			4,331	766	5,097
	Member Months (Plans with PD benefits)	48,618	8,909	57,527	603	59	662 -		-		1,062 -	1,062	60	- 60			-			-	-		50,343	8,968	59,311
	Premiums/Claims																					_			
2	Premium	19,382,569	3 553 785	22,936,354	162 614	18 088 18	0 702			1 - 1	146,221	1/6 221	23,160	- 23,160				- 1	T .		-	- 1C	9,714,564	571 873 23	3,286,437
	Claims/Medical Expenses	17,496,249		20,724,482				-		-	405,690		20,052	- 20,052		-		-	-				8,061,142		,304,446
		,,	0,220,200		,	,	.,				,	,	,	,									.,,	,= .0,000	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
	Inpatient Facility																								
	Hospital																				البساح				
	1 In-state	3,158,748	206,043	3,364,791	17,550	- 1	7,550	-		-		-	-			-		-	-				3,176,298		3,382,341
	2 Out-of-state	540,726	359,998	900,724	-	-	-	-	1 +	-		-	-		-	-	\rightarrow	-	-		\leftarrow		540,726		900,724
	3 Total (Lines 1 + 2)	3,699,474	566,041	4,265,515	17,550	- 1	7,550 -	<u> </u>		- -			-		- -	- -		- -		1 -		- 3	3,717,024	566,041 4	1,283,065
-	SNF	22.454	E 604	20 770						1													22.454	E 624	20.770
3	4 In-state 5 Out-of-state	33,154	5,624	38,778	-	-	-	<u> </u>				-				-		-	1 -	1			33,154	5,624	38,778
-	6 Total (Lines 4 + 5)	33,154	5,624	38,778	-	-	-	-	1			-	-			-	_	-	-	+	+		33,154	5,624	38,778
-	Other	33,134	5,024	30,770	- 1	-	- -			- -			-	- -	- -			- -					33,134	5,024	30,770
-	7 In-state	1,167	_	1,167		- 1				1 - 1			_					- 1	T .		-		1,167	_	1,167
	8 Out-of-state	- 1,101	12,761	12,761	-	-	-	-		-		-	-			-		-	-				-	12,761	12,761
	9 Total (Lines 7 + 8)	1,167	12,761	13,928	-	-			-			-	-				-			-			1,167	12,761	13,928
	10 Total Inpatient Facility (Lines 3 + 6 + 9)	3,733,795	584,427	4,318,222		- 1	7,550 -		-			-	-				-			-		- 3	3,751,345		1,335,772
	- · · · · · · · · · · · · · · · · · · ·																								
	Outpatient Facility																								
	Hospital																								
	11 In-state	3,352,396	210,704	3,563,100			23,591	-		-		-	,	- 1,633		-		-	-						3,588,324
	12 Out-of-state	317,396	538,951	856,347	1,088		2,922	-		-		-	-			-		-	-				318,484		859,269
	13 Total (Lines 11 + 12)	3,669,791	749,655	4,419,447	23,763	2,749 2	6,512 -	- -	-	- -		-	1,633	- 1,633			-						3,695,188	752,404 4	1,447,593
	14 In-state					2,145 2	0,012											- -		-	<u>'</u>				
-				1		2,145	.0,012				-									-					
		-	-	-	-	-	-	-		-		-	-			-		-		-		-	-	-	
	15 Out-of-state		-		-		-	-		-		-				-				-		-	-	-	-
4	15 Out-of-state 16 Total (Lines 14 + 15)		- - -	- - -													-	- -		-				-	
4	15 Out-of-state 16 Total (Lines 14 + 15) Freestanding Ambulatory Care Facility							-	-			-	<u></u>		- -		-			-		- - -	749.143		803.110
	15	747,250 168,850	- - - 53,967 101,890	801,218 270,740			- - - - - - - - - - - - - - - - - - -	-	-				-										749,143 168,850	53,967	803,110 275,371
	15	747,250	53,967	801,218	1,893	- - - 4,631	1,893					-	-					-	-		-			53,967 106,521	
	15	747,250 168,850 916,100	53,967 101,890 155,858	801,218 270,740 1,071,958	1,893 - 1,893	- - - 4,631 4,631	- - - - 1,893 4,631 6,524					-							-			- - - -	168,850 917,993	53,967 106,521 160,489 1	275,371 1,078,482
	15	747,250 168,850 916,100 728,426	53,967 101,890 155,858	801,218 270,740 1,071,958 746,156	1,893 - 1,893	- - - 4,631 4,631	- - - 1,893 4,631 6,524 - 2,189		-				310	310		-	-			-	-		168,850 917,993 730,809	53,967 106,521 160,489 1	275,371 1,078,482 748,655
	15	747,250 168,850 916,100 728,426 146,342	53,967 101,890 155,858 17,731 140,799	801,218 270,740 1,071,958 746,156 287,140	1,893 - 1,893 2,074 945	- - 4,631 4,631 115 369	1,893 4,631 6,524 - 2,189 1,314		-			-	- - - 310 47			-	-			-	-		730,809 147,334	53,967 106,521 160,489 1 17,845 141,167	275,371 1,078,482 748,655 288,501
	15	747,250 168,850 916,100 728,426 146,342 874,767	53,967 101,890 155,858 17,731 140,799 158,529	801,218 270,740 1,071,958 746,156 287,140 1,033,296	1,893 - 1,893 2,074 945 3,019	- - - - 4,631 4,631 115 369 484	1,893 4,631 6,524 - 2,189 1,314 3,503		-			-	310 47 357				-			-	-		730,809 147,334 878,143	53,967 106,521 160,489 1 17,845 141,167 159,013 1	275,371 1,078,482 748,655 288,501 1,037,156
	15	747,250 168,850 916,100 728,426 146,342	53,967 101,890 155,858 17,731 140,799	801,218 270,740 1,071,958 746,156 287,140 1,033,296	1,893 - 1,893 2,074 945 3,019	- - 4,631 4,631 115 369	1,893 4,631 6,524 - 2,189 1,314 3,503		-			-	310 47 357			-	-			-	-		730,809 147,334	53,967 106,521 160,489 1 17,845 141,167 159,013 1	275,371 1,078,482 748,655 288,501
	15	747,250 168,850 916,100 728,426 146,342 874,767	53,967 101,890 155,858 17,731 140,799 158,529	801,218 270,740 1,071,958 746,156 287,140 1,033,296	1,893 - 1,893 2,074 945 3,019	- - - - 4,631 4,631 115 369 484	1,893 4,631 6,524 - 2,189 1,314 3,503		-			-	310 47 357				-			-	-		730,809 147,334 878,143	53,967 106,521 160,489 1 17,845 141,167 159,013 1	275,371 1,078,482 748,655 288,501 1,037,156
	15	747,250 168,850 916,100 728,426 146,342 874,767	53,967 101,890 155,858 17,731 140,799 158,529	801,218 270,740 1,071,958 746,156 287,140 1,033,296	1,893 - 1,893 2,074 945 3,019	- - - - 4,631 4,631 115 369 484	1,893 4,631 6,524 - 2,189 1,314 3,503		-			-	310 47 357				-			-	-		730,809 147,334 878,143	53,967 106,521 160,489 1 17,845 141,167 159,013 1	275,371 1,078,482 748,655 288,501 1,037,156
5	15	747,250 168,850 916,100 728,426 146,342 874,767 5,460,659	53,967 101,890 155,858 17,731 140,799 158,529 1,064,042	801,218 270,740 1,071,958 746,156 287,140 1,033,296 6,524,701	1,893 - 1,893 2,074 945 3,019 28,676	- 4,631 4,631 4,631 115 369 484 7,864 3	1,893 4,631 6,524 - 2,189 1,314 3,503 - 6,539 -		-			-	310 47 357 1,990				-			-	-	- - - - - - - - - - - - - - - - - - -	730,809 147,334 878,143 5,491,325	53,967 106,521 160,489 1 17,845 141,167 159,013 1 ,071,906 6	748,655 288,501 1,037,156 3,563,231
5	15	747,250 168,850 916,100 728,426 146,342 874,767	53,967 101,890 155,858 17,731 140,799 158,529	801,218 270,740 1,071,958 746,156 287,140 1,033,296 6,524,701	1,893 - 1,893 2,074 945 3,019 28,676	- 4,631 4,631 4,631 115 369 484 7,864 3	1,893 4,631 6,524 - 2,189 1,314 3,503 - 6,539 -		-			-	310 47 357 1,990				-			-	-	- - - - - - - - - - - - - - - - - - -	730,809 147,334 878,143 5,491,325	53,967 106,521 160,489 1 17,845 141,167 159,013 1 ,071,906 6	275,371 1,078,482 748,655 288,501 1,037,156
5	15	747,250 168,850 916,100 728,426 146,342 874,767 5,460,659	53,967 101,890 155,858 17,731 140,799 158,529 1,064,042	801,218 270,740 1,071,958 746,156 287,140 1,033,296 6,524,701	1,893 - 1,893 2,074 945 3,019 28,676	- 4,631 4,631 4,631 115 369 484 7,864 3	1,893 4,631 6,524 - 2,189 1,314 3,503 - 6,539 -		-			-	310 47 357 1,990				-			-	-	- - - - - - - - - - - - - - - - - - -	730,809 147,334 878,143 5,491,325	53,967 106,521 160,489 1 17,845 141,167 159,013 1 ,071,906 6	748,655 288,501 1,037,156 3,563,231
5	15	747,250 168,850 916,100 728,426 146,342 874,767 5,460,659	53,967 101,890 155,858 17,731 140,799 158,529 1,064,042	801,218 270,740 1,071,958 746,156 287,140 1,033,296 6,524,701	1,893 - 1,893 2,074 945 3,019 28,676	- 4,631 4,631 4,631 115 369 484 7,864 3	1,893 4,631 6,524 - 2,189 1,314 3,503 - 6,539 -		-			-	310 47 357 1,990				-			-	-	- - - - - - - - - - - - - - - - - - -	730,809 147,334 878,143 5,491,325	53,967 106,521 160,489 1 17,845 141,167 159,013 1 1,071,906 6 1 220,567 1	748,655 288,501 1,037,156 3,563,231 1,351,883
5	15	747,250 168,850 916,100 728,426 146,342 874,767 5,460,659	53,967 101,890 155,858 17,731 140,799 158,529 1,064,042	801,218 270,740 1,071,958 746,156 287,140 1,033,296 6,524,701 1,335,162	1,893 - 1,893 2,074 945 3,019 28,676	- 4,631 4,631 4,631 115 369 484 7,864 3	- 1,893 4,631 6,524 - 2,189 1,314 3,503 - 16,539 - 6,043		-				310 47 357 1,990				-			-	-	- - - - - - - - - - - - - - - - - - -	168,850 917,993 730,809 147,334 878,143 5,491,325 1,131,316	53,967 106,521 160,489 1 17,845 141,167 159,013 1 1,071,906 6 1 220,567 1	748,655 288,501 1,037,156 3,563,231
5	15	747,250 168,850 916,100 728,426 146,342 874,767 5,460,659	53,967 101,890 155,858 17,731 140,799 158,529 1,064,042	801,218 270,740 1,071,958 746,156 287,140 1,033,296 6,524,701 1,335,162	1,893 - 1,893 2,074 945 3,019 28,676	- 4,631 4,631 4,631 115 369 484 7,864 3	- 1,893 4,631 6,524 - 2,189 1,314 3,503 - 16,539 - 6,043		-				310 47 357 1,990				-			-	-	- - - - - - - - - - - - - - - - - - -	168,850 917,993 730,809 147,334 878,143 5,491,325 1,131,316	53,967 106,521 160,489 1 17,845 141,167 159,013 1 1,071,906 6 220,567 1	748,655 288,501 1,037,156 3,563,231 1,351,883
5	15	747,250 168,850 916,100 728,426 146,342 874,767 5,460,659	53,967 101,890 155,858 17,731 140,799 158,529 1,064,042	801,218 270,740 1,071,958 746,156 287,140 1,033,296 6,524,701 1,335,162	1,893 - 1,893 2,074 945 3,019 28,676	- 4,631 4,631 4,631 115 369 484 7,864 3	- 1,893 4,631 6,524 - 2,189 1,314 3,503 - 16,539 - 6,043		-				310 47 357 1,990				-			-	-	- - - - - - - - - - - - - - - - - - -	168,850 917,993 730,809 147,334 878,143 5,491,325 1,131,316	53,967 106,521 160,489 1 17,845 141,167 159,013 1 1,071,906 6 220,567 1	748,655 288,501 1,037,156 3,563,231 1,351,883
5 -	15	747,250 168,850 916,100 728,426 146,342 874,767 5,460,659 1,115,436	53,967 101,890 155,858 17,731 140,799 158,529 1,064,042 219,726	801,218 270,740 1,071,958 746,156 287,140 1,033,296 6,524,701 1,335,162	1,893 - 1,893 2,074 945 3,019 28,676	- 4,631 4,631 4,631 115 369 484 7,864 3	1,893 4,631 6,524 - 2,189 1,314 -3,503 - 6,639 -		-					- 310 - 47 - 357 - 1,990 - 679			-			-	-	- 1	168,850 917,993 730,809 147,334 878,143 5,491,325 1,131,316	53,967 106,521 160,489 1 17,845 141,167 159,013 1,071,906 6 220,567 1 547,241 4	275,371 ,078,482 748,655 288,501 ,037,156 5,563,231 ,351,883
5 -	15	747,250 168,850 916,100 728,426 146,342 874,767 5,460,659	53,967 101,890 155,858 17,731 140,799 158,529 1,064,042 219,726	801,218 270,740 1,071,958 746,156 287,140 1,033,296 6,524,701 1,335,162	1,893 - 1,893 2,074 945 3,019 28,676 15,201 44,737	- 4,631 4,631 4,631 115 369 484 7,864 3 842 1	1,893 4,631 6,524 - 2,189 1,314 3,503 - 6,043		-					- 310 - 47 - 357 - 1,990 - 679			-			-	-	- 1	168,850 917,993 730,809 147,334 878,143 5,491,325 1,131,316	53,967 106,521 160,489 1 17,845 141,167 159,013 1 0,071,906 6	275,371 ,078,482 748,655 288,501 ,037,156 5,563,231 ,351,883
5 -	15	747,250 168,850 916,100 728,426 146,342 874,767 5,460,659 1,115,436 3,060,587	53,967 101,890 155,858 17,731 140,739 158,529 1,064,042 219,726 545,750	801,218 270,740 1,071,958 746,156 287,140 1,033,296 6,524,701 1,335,162 3,606,337	1,893 - 1,893 2,074 945 3,019 28,676 15,201	- 4,631 4,631 4,631 115 369 484 7,864 3 842 1,491 4 1,491 4	1,893 4,631 6,524 - 2,189 1,314 - 3,503 - 6,6539 - 6,043		-					- 310 - 47 - 357 - 1,990 - 679			-			-	-	- 1	168,850 917,993 730,809 147,334 878,143 5,491,325 1,131,316 3,521,330	53,967 106,521 160,489 1 17,845 141,167 159,013 1 ,071,906 6 220,567 1 547,241 4	275,371 ,078,482 748,655 288,501 ,037,156 3,563,231 4,068,570
5 -	15	747,250 168,850 916,100 728,426 146,342 874,767 5,460,659	53,967 101,890 155,858 17,731 140,799 158,529 1,064,042 219,726	801,218 270,740 1,071,958 746,156 287,140 1,033,296 6,524,701 1,335,162	1,893 - 1,893 2,074 945 3,019 28,676 15,201	- 4,631 4,631 4,631 115 369 484 7,864 3 842 1,491 4 1,491 4	1,893 4,631 6,524 - 2,189 1,314 3,503 - 6,043		-					- 310 - 47 - 357 - 1,990 - 679			-			-	-	- 1	168,850 917,993 730,809 147,334 878,143 5,491,325 1,131,316 3,521,330	53,967 106,521 160,489 1 17,845 141,167 159,013 1 ,071,906 6 220,567 1 547,241 4	275,371 ,078,482 748,655 288,501 ,037,156 5,563,231 ,351,883
5 - 6 - 7 -	15	747,250 168,850 916,100 728,426 146,342 874,767 5,460,659 1,115,436 3,060,587	53,967 101,890 155,858 17,731 140,739 158,529 1,064,042 219,726 545,750	801,218 270,740 1,071,958 746,156 287,140 1,033,296 6,524,701 1,335,162 3,606,337	1,893 - 1,893 2,074 945 3,019 28,676 15,201	- 4,631 4,631 4,631 115 369 484 7,864 3 842 1,491 4 1,491 4	1,893 4,631 6,524 - 2,189 1,314 - 3,503 - 6,6539 - 6,043		-					- 310 - 47 - 357 - 1,990 - 679			-			-	-	- 1	168,850 917,993 730,809 147,334 878,143 5,491,325 1,131,316 3,521,330	53,967 106,521 160,489 1 17,845 141,167 159,013 1 ,071,906 6 220,567 1 547,241 4	275,371 ,078,482 748,655 288,501 ,037,156 3,563,231 4,068,570
5 - 7 - 7 -	15	747,250 168,850 916,100 728,426 146,342 874,767 5,460,659 1,115,436 3,060,587	53,967 101,890 155,858 17,731 140,739 158,529 1,064,042 219,726 545,750	801,218 270,740 1,071,958 746,156 287,140 1,033,296 6,524,701 1,335,162 3,606,337	1,893 - 1,893 2,074 945 3,019 28,676 15,201	- 4,631 4,631 4,631 115 369 484 7,864 3 842 1,491 4 1,491 4	1,893 4,631 6,524 - 2,189 1,314 - 3,503 - 6,6539 - 6,043		-					- 310 - 47 - 357 - 1,990 - 679			-			-	-	- 1	168,850 917,993 730,809 147,334 878,143 5,491,325 1,131,316 3,521,330	53,967 106,521 160,489 1 17,845 141,167 159,013 1 ,071,906 6 220,567 1 547,241 4	275,371 ,078,482 748,655 288,501 ,037,156 3,563,231 4,068,570
5 -	15	747,250 168,850 916,100 728,426 146,342 874,767 5,460,659 1,115,436 3,060,587	53,967 101,890 155,858 17,731 140,799 158,529 1,064,042 219,726 545,750 133,824 432,394 566,218	801,218 270,740 1,071,958 746,156 287,140 1,033,296 6,524,701 1,335,162 3,606,337	1,893 - 1,893 2,074 945 3,019 28,676 15,201 44,737	- 4,631 4,631 4,631 115 369 484 7,864 3 842 1,491 4 1,491 4 1,341 1,815 3,155 2	1,893 4,631 6,524 - 2,189 1,314 3,503 - 6,043 6,043 8,726 2,257 0,983							- 10,316 - 5,354 - 5,354								- 1 - 3	168,850 917,993 730,809 147,334 878,143 5,491,325 1,131,316 3,521,330	53,967 106,521 160,489 17,845 141,167 159,013 1,071,906 6 220,567 1 547,241 4 135,165 2 434,208 569,374 3	275,371 ,078,482 748,655 288,501 ,037,156 3,563,231 4,068,570

			1			2			3		4			5			6			7		8	
М	larket Exhibit (For Comprehensive/Major Medical Line of Business)	Indi	ividual		Small Group			Large Group		Associati	ın.		Trust	1	Federal Emplo	yee Health	Benefit	Other H	lealth Mark	cet	otal (Across all m	arkets)	
			on-RI	All	RI	Non-RI	All	RI	Non-RI	All	RI Non-RI	All	RI	Non-RI	All			All		lon-RI	All RI	Non-RI	arkets)
N	embership Data	IXI IX	OH-IXI	7311	IM	Non-Itt	Z	IXI	NOII-IXI	Z	IXI NOIFIXI	7311	IXI	NOTI-IXI	ZU	IXI IX	JII-IXI	All	IXI IX	IOII-IXI	ZXII IXI	Non-Ki	
IVIE	Number of Polices or Certificates				405		405	04		31												07	_
\perp		1	-	1		140	165	31	-			-			-			-				97 -	_
\perp	Number of Covered Lives	1	-	1				3,233	597	3,830		-			-			-					
	Member Months	12	-	12		1,838		39,133	7,071	46,204		-			-			-			- 48		
	Number of Polices or Certificates (Plans with PD benefits)	1	-	1		-	165	31	-	31				-	-	-	-	-	-	-		97 -	
	Number of Covered Lives (Plans with PD benefits) Member Months (Plans with PD benefits)	1	-	1	702	140		3,233	597	3,830				-	-	-	-	-	-	-		936 737	
	Member Months (Plans with PD benefits)	12	-	12	9,473	1,838	11,311	39,133	7,071	46,204	-	-	-	-	-	-	-	-	-	-	- 48	8,909	9
Pr	emiums/Claims																						
	Premium	2,874	-	2,874	3,658,257	690,328	4,348,585	15,721,439	2,863,457	18,584,896		-			-			-			- 19,382	669 3,553,785	5 22
	Claims/Medical Expenses	1,660	-	1,660		454,637	3,555,275	14,393,951	2,773,596	17,167,547		-			-			-			- 17,496		
		, , , , ,						, ,	, , , , , , , ,	, , , , ,			1	I	1			1					
Int	patient Facility																						
	espital																						
1	In-state	-	- 1	-	441,217	49.217	490.434	2.717.530	156.826	2.874.356		-	1	T T	- 1	1		- 1		-	- 3,158	48 206,043	3 3
2	Out-of-state	-			52,816	12,154		487.911	347.844	835.755		-		+ +	-			-			- 540		
2								- 1	- /-	,				+ +								,	
3	Total (Lines 1 + 2)	-	-	-	494,033	61,371	555,404	3,205,441	504,670	3,710,111		-	-	-	-	- 1	-	-	-	-	- 3,699	174 566,041	1
SN					7.510		7.510	05.010	5.001	04.000		1	_									E4 E 00	
4	In-state Out-of-state	-	-	-	7,542	-	7,542	25,612	5,624	31,236		-	1	 	-			-			- 33		+
5		-	-	-	7.542	-	7.542	25.612	- F 624	31,236		-		 	-			-				5,624	4
р	Total (Lines 4 + 5)	-	-	-	7,542	-	7,542	∠5,612	5,624	31,236		-	-	-	-	-	-	-	-	-	- 33	5,624	+
7 Oti								1.167		1.167					- 1						1	67	1
/	In-state Out-of-state	-	-		-	-	-	1,167	10.764	1,167		-	+	 	-			-				67 -	
8		-	-		-	-	-	1 167	12,761				+	_	-					_		- 12,761	
10 T-	Total (Lines 7 + 8)				501.575	61.371		1,167 3.232.220	12,761	13,928			-			-	-	-	-	-			
10 10	tal Inpatient Facility (Lines 3 + 6 + 9)	-	-	-	501,5/5	61,3/1	56∠,946	3,232,220	523,056	3,755,276		-	-	-	- 1	-	-	-	-	-	- 3,733	90 584,427	7 4
	utpatient Facility																						
Ho	spital																						
11	In-state	-	-	-	514,964	32,443		2,837,431	178,261	3,015,692		-			-			-			- 3,352		
12	Out-of-state	-	-	-	117,047	54,151		200,349	484,800	685,149		-			-			-			- 317		
13	Total (Lines 11 + 12)	-	-	-	632,011	86,594	718,605	3,037,780	663,061	3,700,842		-	-	-	-	-	-	-	-	-	- 3,669	749,655	5
SN																							
14	In-state	-	-	-	-	-	-	-	-	-		-			-			-					
	Out-of-state	-	-	-	-	-	-	-	-	-		-			-			-					_
15	Total (Lines 14 + 15)	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-	-	-		
16																							
16 Fre	eestanding Ambulatory Care Facility		-	-	160,253			586,997	48,705	635,702		-			-			-			- 747		
16 Fre	In-state	-			42.588	11,594		126,262	90,297	216,558		-			-			-			- 168		
16 Fre 17	In-state Out-of-state	-	-	-					139.002	852.260		-	-	-	-	-	-	-	-	-	- 916	00 155,858	3
17 18 19	In-state Out-of-state Total (Lines 17 + 18)		-	-	202,841	16,856	219,698	713,259	100,002														
17 18 19	In-state Out-of-state Total (Lines 17 + 18)	-	-	-	202,841		-,	-	,														
17 18 19	In-state	1,420	-	1,420	202,841	7,179	116,260	617,925	10,551	628,476		-			-			-			- 728		
17 18 19	In-state	1,420	-	1,420	202,841 109,081 15,956	7,179 30,833	116,260 46,788	617,925 130,386	10,551 109,966	240,352		-			-			-			- 146	140,799	9
17 18 19 Ott 20 21 22	In-state	1,420	-	1,420	202,841 109,081 15,956 125,037	7,179 30,833 38,012	116,260 46,788 163,048	617,925	10,551			-		-		-	-		-	-		342 140,799 767 158,529	9 1

5	Primary Care 24 Total Primary Care	-	-	-	236,566	66,277	302,843	878,870	153,449	1,032,319			-			-		-		-	1,115,436	219,726	1,335,162
6	Pharmacy 25 Total Pharmacy			-	560,457	63,013	623,470	2,500,130	482,738	2,982,868			-			-		-		-	3,060,587	545,750	3,606,337
	Medical/Surgical other than primary care	107		107	500,447	25.883	526,330	1,872,922	107,942	1,980,864											2,373,477	122 024	2,507,301
7	27 Out-of-state 28 Total Other Medical/Surgical (Lines 26 + 27)	- 107	-	107	100,752 601,200	54,851 80,734	155,604 681,934	328,431 2,201,353	377,542 485,484	705,973 2,686,837	-	-	-	-	-	-	-		-		429,183 2,802,660	133,824 432,394 566,218	861,577 3,368,878
8	All other payments to medical providers	133	-	133	240,951	41,780	282,732	1,082,028	206,290	1,288,317			-			- 1		-		-	1,323,112	248,070	1,571,182

2012 Rate Review Process Areas of Medical Expense Variation

Introductory Remarks

The stated goal of this exercise is to improve OHIC's understanding of the drivers of rising medical spending in Rhode Island by comparing the experience of the issuer's Rhode Island member base to a benchmark. For the purposes of this analysis, we have used our 2011 fully insured MA HMO experience as the benchmark. However, given the size of Tufts Health Plan's membership base in Rhode Island, the results of this comparative analysis will have limited credibility. Our relative costs by area of care have changed significantly in Rhode Island from year to year and are expected to continue to be volatile as our population in this market grows. Although we have commented on the probable causes of each variation listed, these fundamentally reflect a small, immature market compared to a much larger, more mature benchmark and should be interpreted with caution.

1. The top five areas of care, based on per capita total dollar value positive variation from the benchmark

		PMPM	
	Total Excess	Excess	
Area of Care	Spending	Spending	Comments on Estimated Cause
INPATIENT ACUTE MED/SURG	\$1,339,638	\$23.29	Attributable to higher utilization (both admits and ALOS), rather than unit cost.
			High cost claimants identified as having a disproportionately large impact.
			The higher number of admits may be a consequence of lower than benchmark outpatient professional care.
PHARMACY - Rx MM	\$717,042	\$12.46	Attributable to higher utilization across tiers and therapeutic classes.
			Higher utilization driven by more members in RI having prescriptions filled than in the benchmark population, rather than a higher number
			of prescriptions per member.
OUTPATIENT LABORATORY	\$558,538	\$9.71	Capitation strategy applied in the benchmark population successfully contains cost.
OUTPATIENT INJECTIONS	\$425,609	\$7.40	Driven primarily by a difference in payment methodology between RI and the benchmark population. Injection claims in RI are reimbursed
			on a fee for service basis while in the benchmark population they are reimbursed on a fee for service basis or bundled into an outpatient
			surgery case payment. More than 50% of the higher RI utilization is associated with outpatient surgery claims, which would not be
			separately identified in the benchmark population.
OUTPATIENT EMERGENCY ROOM	\$406,508	\$7.07	Attributable primarily to a higher cost per emergency room encounter. This higher cost per encounter is driven less by higher unit cost in RI
			and more by the higher number of services delivered within an emergency room encounter compared to the benchmark.

2. The top five areas of care, based on the percent of positive variation in per capita spending from the benchmark

	Percent of	Total	
	Positive	Excess	
Area of Care	Variation	Spending	Comments on Estimated Cause
OUTPATIENT INJECTIONS	158%	\$425,609	Driven primarily by a difference in payment methodology as described above.
FREE STANDING HIGH COST RADIOLOGY	124%	\$130,764	Higher utilization of allied health facilities, along with lower Outpatient Hospital High Cost Radiology utilization, reflects appropriate re-
(MRI, PET, CT)			direction of care to lower cost providers.
OUTPATIENT LABORATORY	96%	\$558,538	Capitation strategy applied in the benchmark population successfully contains cost.
INPATIENT OTHER	74%	\$117,886	Driven by Mental Health/Substance Abuse services. Capitation strategy for inpatient Mental Health/Substance Abuse within the benchmark
			population effective at containing costs.
OUTPATIENT EMERGENCY ROOM	63%	\$406,508	Attributable primarily to the number of services delivered within an emergency room encounter, as described above.



Provider Contracting Practices and Hospital Contracting Conditions Verification Questionnaire

Background

The Health Insurance Advisory Council (HIAC) to the State of Rhode Island Office of the Health Insurance Commissioner (OHIC) has promulgated Affordability Standards for commercial health insurance issuers in Rhode Island.

Health plans will improve the affordability of health care in Rhode Island by focusing their efforts upon provider payment reform, beginning with primary care. Achievement of this goal will not add to overall medical spend in the short-term, and is expected to produce savings thereafter. Specific areas of focus in support of this goal are as follows:

- 1. Expand and improve the primary care infrastructure in the state—with limitations on ability to pass on cost in premiums
- 2. Spread Adoption of the "Chronic Care Model" Medical Home
- 3. Standardize electronic medical record (EMR) incentives
- 4. Work toward comprehensive payment reform across the delivery system

To support standard four, OHIC has previously issued six conditions for issuer contracts with hospitals in Rhode Island, to be implemented by issuers upon contract execution, renewal, or extension. These are as follows:

- 1. Utilize unit of service payment methodologies for both inpatient and hospital outpatient services that realign payment to provide incentives for efficient use of health services, and are derived from nationally utilized payment practices other than fee for service.
- 2. Limit average annual effective rates of price increase for both inpatient and outpatient services to a weighted amount equal to or less than the Centers for Medicare and Medicaid Services (CMS) National Prospective Payment System Hospital Input Price Index ("Index"), for all contractual and optional years covered by the contract
- 3. Provide the opportunity for hospitals to increase their total annual revenue for

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

commercially insured enrollment under the contract by at least additional two percentage points over the previous contract year by improving or attaining mutually agreed-to performance levels for no less than three nationally-accepted clinical quality, service quality or efficiency-based measures.

- 4. Include terms that define the parties' mutual obligations for greater administrative efficiencies
- 5. Include terms that promote and measure improved clinical communications between the hospital and each patient/member's designated primary care physician, specialist physicians, long term care facility, or other providers.
- 6. Include terms that explicitly relinquish the right of either party to contest the public release of the any and all of these five specific terms by state officials or the participating parties to the agreement.

The purpose of this questionnaire is to assess compliance with standard four of the Affordability Standards and to consider the responses in connection with OHIC's 2012 small and large employer group rate factor review process for commercial health insurance issuers in Rhode Island.

Directions

- 1. Please fill out all parts of questionnaire.
- 2. As no providers are identified and no financial details are solicited, none of this information will be considered proprietary or confidential. Should any information or document be considered confidential by the filer, the filer must request approval of the Health Insurance Commissioner. The request must identify the specific information or document (or portion thereof) which the filer considers confidential, accompanied by a factual and legal analysis supporting the request.
- 3. Questionnaire responses must be verified by filing those portions of each hospital contract which support the survey response. An index or other method of reference must be included to identify which hospital contract documentation relates to each survey response. Any contract excerpts provided will be summarized for review.
- 4. Please contact OHIC with any questions.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407 (401) 462-9640

(401) 462-9645 (Fax)

www.ohic.ri.gov

THIS INFORMATION IS A TRADE SECRET AND MAY NOT BE DISCLOSED TO THIRD PARTIES WITHOUT TUFTS HEALTH PLAN'S PERMISSION

General comment:

Tufts Health Plan has a long standing commitment to investment in payer-provider incentive alignment, and we maintain hospital and physician incentive programs that apply to the vast majority of our network providers. As a relatively new entrant into the RI market, we are at an early stage of incorporating incentive mechanisms into our RI provider contracts. Provider incentive will be a key component of our contracting strategy as we grow our presence in the state of RI.

Tufts Health Plan requests that the information provided in response to this survey be deemed to constitute "trade secrets" within the meaning of the term in section 38-2-2(4)(i)(B) of the Rhode Island General Laws. We have included a footer stating "THIS INFORMATION IS A TRADE SECRET AND MAY NOT BE DISCLOSED TO THIRD PARTIES WITHOUT TUFTS HEALTH PLAN'S PERMISSION".

Finally, due to the questionable reliability of certain information provided in our responses, which is explained in further detail below, it is Tufts Health Plan's expectation and understanding that the information provided in this Provider Survey will not be used or considered in OHIC's review of Tufts Health Plan's rates.

Part 1. Hospital Inpatient Services

- Please fill out one row in the chart below for each general service institution (no specialty care, no rehab) with whom you contract in RI.
- Institution means hospital system if all contractual terms other than \$ amounts apply identically across all inpatient facilities in the contract.
- Incentives refer to activities or measures resulting in additional payments by the insurer.

	Duration of Current		Does Contract have				
	Contract since inception		provision for additional			Does this contract comply with	
	or last renewal,	Unit of Payment for	outlier payments and/or	Are there Quality or Customer	Utilization Incentives in	OHIC's July 2011 Rate Factor	
Institution/	whichever is later	Services (check all	severity adjusters (y/n)	Service Incentives in Contract	Contract: (check all that	Decision – Additional	
System	(years)	that apply)	and any comments	(y/n) ¹ ?	apply)	Conditions? ²	Comments

¹ Examples include supplemental payments beyond base fees for Bridges to Excellence Measure, Medicare Compare measures, HIT adoption, or customer satisfaction measures.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

www.ohic.ri.gov

THIS INFORMATION IS A TRADE SECRET AND MAY NOT BE DISCLOSED TO THIRD PARTIES WITHOUT TUFTS HEALTH PLAN'S PERMISSION

² Attach analysis and relevant documentation from contracts to demonstrate compliance status.

Institution/ System 1	Duration of Current Contract since inception or last renewal, whichever is later (years) 3 Years	Unit of Payment for Services (check all that apply) X DRG X Per Diem% of Charges Bundled Services Capitation or other budgetingOthers (please specify)	Does Contract have provision for additional outlier payments and/or severity adjusters (y/n) and any comments	Are there Quality or Customer Service Incentives in Contract (y/n)¹? No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. ³	Utilization Incentives in Contract: (check all that apply) admission reductions day reductions process/structural changes (e.g. discharge practices)Others (please specify)	Does this contract comply with OHIC's July 2011 Rate Factor Decision – Additional Conditions? ² N/A (Contract has not been renegotiated)	Comments
2	3 Years	x_DRG x_Per Diem% of Charges Bundled Services Capitation or other budgetingOthers (please specify)	Yes to additional outlier provision	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0.5~1.0%	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	
3	3 Years	DRGPer Diem _x % of Charges Bundled Services	No	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality	admission reductions day reductions Others (please specify)	N/A (Contract has not been renegotiated)	

³ % for Incentive Payments plus % for Services = 100%. Incentive payments not specified for inpatient or outpatient should be classified as inpatient.

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Institution/ System	Duration of Current Contract since inception or last renewal, whichever is later (years)	Unit of Payment for Services (check all that apply) Capitation or other budgetingOthers (please specify)	Does Contract have provision for additional outlier payments and/or severity adjusters (y/n) and any comments	Are there Quality or Customer Service Incentives in Contract (y/n)¹? incentive payments. 0.1~0.5%	Utilization Incentives in Contract: (check all that apply)	Does this contract comply with OHIC's July 2011 Rate Factor Decision – Additional Conditions? ²	Comments
4	2 Years	DRG _x_Per Diem% of Charges Bundled Services Capitation or other budgetingOthers (please specify)	Yes to additional outlier provision	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	
5	3 Years	DRGPer Diem x % of ChargesBundled Services Capitation or other budgetingOthers (please specify)	No	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	
6	3 Years	DRGPer Diem _x % of ChargesBundled	No	No If yes - % of total payments for inpatient services in CY	admission reductions day reductions Others (please specify)	N/A (Contract has not been renegotiated)	

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Institution/ System	Duration of Current Contract since inception or last renewal, whichever is later (years)	Unit of Payment for Services (check all that apply) Services Capitation or other budgetingOthers (please	Does Contract have provision for additional outlier payments and/or severity adjusters (y/n) and any comments	Are there Quality or Customer Service Incentives in Contract (y/n)¹? 2011 spent on quality incentive payments.	Utilization Incentives in Contract: (check all that apply)	Does this contract comply with OHIC's July 2011 Rate Factor Decision – Additional Conditions? ²	Comments
7	1 Year	specify) DRGYer Diem% of ChargesBundled ServicesCapitation or other budgetingOthers (please specify)	Yes to additional outlier provision	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments 0-2%	_X_ admission reductions _X day reductionsOthers (please specify)	Yes, please see attached	
8	3 Years	DRG _x_Per Diem% of ChargesBundled Services Capitation or other budgetingOthers (please specify)	Yes to additional outlier provision	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	

Additional Questions for Hospital Inpatient Services

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

1. List the five most common areas of quality and service incentives in your company's inpatient contracts:

(These measures apply to our hospital contracts that combine inpatient and outpatient services.)

- i. Joint Commission measures (e.g., AMI, CHF, pneumonia)
- ii. Leapfrog measures (e.g., CPOD, ICU staffing)
- iii.Prevention of "Never Events"
- iv. Surgical infection rates
- v. Readmission rates
- 2. Estimated Percent of total payments to RI Hospitals for inpatient services in CY 2011 spent on quality incentive payments. 0.1~1%
- 3. Estimated Percent of total payments to RI Hospitals for inpatient services in CY 2011 paid through units of service based on efficient resource use (i.e DRG, Capitation, Bundled Service or partial/global budgeting): <5%
- **4.** Estimated Payments in first six months of CY 2011 for Inpatient Services to Hospitals as % of what Medicare would have paid for similar set. of services: See comment (add comments or caveats)

For inpatient services Tufts Health Plan does not currently have the technical capability to benchmark to Medicare IPPS reimbursement. Conducting such analysis would require incremental time, resources and technical capabilities. Benchmarking Tufts Health Plan inpatient payments to Medicare IPPS may yield volatile and potentially unreliable results due to a) differences in reimbursement methodology (Tufts Health Plan reimburses the majority of inpatient claims on either a Per Diem or Percent of Charge basis); b) our relatively small volume of business in Rhode Island; c) mix of services; and d) chargemaster levels to some of the hospitals in Rhode Island. Additionally, it is our belief that a Medicare comparison for some hospitals that perform very specific services, like Obstetrics, will not result in a comparison that is useful and may lead to unintended and/or misinterpreted conclusions.

Other Comments on Quality/Efficiency Incentives in Hospital Inpatient Contracting:

Part 2. Hospital Outpatient Services

- Please fill out one row in the chart below for each general service institution (no specialty care, no rehab) with whom you contract in RI.
- Institution means hospital system if all contractual terms other than dollar amounts apply identically across all inpatient facilities in the contract.
- Outpatient Services include any services not involving an admission and covered under the contract with the institution.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System
State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

www.ohic.ri.gov

Institution/ System	Unit of Payment for Outpatient Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁴ ?	Utilization Incentives in Contract: (check all that apply)	Comments
1	 x_Procedure-based methodology – using plan, provider or industry coding. APC Code Other (please specify) 	No If yes - %of total payments for inpatient services in CY 2011 spent on quality incentive payments. ⁵	Visit/Volume Reduction Others (please specify)	
2	 X Procedure-based methodology – using plan, provider or industry coding. APC Code Other (please specify) 	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0.5~1.0%	Visit/Volume Reduction Others (please specify)	
3	 x Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0.1~0.5%	Visit/Volume Reduction Others (please specify)	
4	 x_Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality	Visit/Volume Reduction Others (please specify)	

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

⁴ Examples include supplemental payments beyond base fees for structural changes such as HIT, process measures or customer satisfaction.
⁵ % for Incentive Payments plus % for Services = 100%. Incentive payments not specified for inpatient or outpatient should be classified as inpatient.

Institution/ System	Unit of Payment for Outpatient Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁴ ? incentive payments.	Utilization Incentives in Contract: (check all that apply)	Comments
5	 X Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	
6	 X Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	
7	 x Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	
8	 X Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	

Additional Questions for Hospital Outpatient Services

1. List the five most common areas of quality and service incentives in your company's hospital outpatient contracts:

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

(These measures apply to our hospital contracts that combine inpatient and outpatient services.)

- i. Joint Commission measures (e.g., AMI, CHF, pneumonia)
- ii. Leapfrog measures (e.g., CPOD, ICU staffing)
- iii.Prevention of "Never Events"
- iv.Surgical infection rates
- v. Readmission rates

2. P	ercent of total paymen	nts to RI Hospitals for c	utpatient services in CY 2011	spent on qualit	y incentive pay	ments.	0.1~1%	
------	------------------------	---------------------------	-------------------------------	-----------------	-----------------	--------	--------	--

- 3. Percent of total payments to RI Hospitals for outpatient services in CY 2011 paid through units of service based on efficient resource use (i.e APC, Bundled Services or partial/global budgeting): ____n/a______
- 4. Estimated Payments in first six months of CY 2011 for Outpatient Services to Hospitals as % of what Medicare would have paid for similar set. of services: 222% (i.e. 122% over Medicare Reimbursement) (add comments or caveats)

For Outpatient Services, Tufts Health Plan has the technical capabilities to perform the required benchmarking analysis to Medicare; however, we have concerns about the confidence level in the accuracy of the supplied benchmark. Our concerns are due to a) the allowed reimbursement at a claim level was compared to fee information obtained from OPPS and CMS ancillary schedules such as Clinical Lab, DME etc.; b) we are not able to reprocess our claims through an OPPS Grouper and were limited to a line level reprice based on OPPS/Ancillary fees which means that exact Medicare reimbursement can only be approximated; c) Procedures that do not have a fee on OPPS/Ancillary schedules, or are billed in a different manner to Medicare (e.g., observation) were dropped from the analysis.

Additionally, Tufts Health Plan has concerns that the results may be skewed due to a few high-volume hospitals and the large number of providers reimbursed on a percent of charges basis – factors that may distort the data due to particular mix of services and chargemaster levels of PAF providers. Based on the concerns listed above it is our belief that a Medicare comparison might not result in a benchmark that is useful and could lead to unintended and/or misinterpreted conclusions that if made public could impact certain contract negotiations by putting upward pressure on unit costs.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Other Comments on Quality/Efficiency Incentives in Hospital Outpatient Contracting:

Part 3: Professional Groups

- "Professional Groups" is defined as non institutional/non facility groups with a valid contract and a single tax id number.
- Please provide information for the top 10 groups (measured by \$ paid in 2011), filling in one row per group (10 rows in the table total).

Group	Specialty Type	Unit of Payment for Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁶ ?	Utilization Incentives in Contract: (check all that apply)	Comments
1	Multi- specialty	x Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 7	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
2	Multi- specialty	_X_ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction use of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
3	Multi- specialty	_ X _ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code	No If yes - % of total payments for inpatient services in CY 2011 spent	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care	

⁶ Examples include supplemental payments beyond base fees for EMR adoption, structural changes, accreditation, process measures or patient satisfaction.

⁷ % for Incentive Payments plus % for Services = 100%. Incentive payments not specified for inpatient or outpatient should be classified as inpatient.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System State of Rhode Island Office of the Health Insurance Commissioner

> 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920-4407 (401) 462-9640 (401) 462-9645 (Fax)

Group	Specialty Type	Unit of Payment for Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁶ ?	Utilization Incentives in Contract: (check all that apply)	Comments
		Full/ Partial Capitation Other (please specify)	on quality incentive payments	use of pharmacy services Others (please specify)	
4	Sub - Specialty	_X_ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
5	Primary Care	_ X _ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. ———	Visit/Volume Reduction use of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
6	Primary Care	_X_Procedure-based methodology – using CPT, plan, provider or other codingAPC Code _Full/ Partial Capitation _Other (please specify)	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0~5%	 X Visit/Volume Reduction use of ancillary/referred services use of diagnostic tests overall efficiency of care x use of pharmacy services x Others (please specify) 	Quality/Member Satisfaction
7	Sub - Specialty	_ X _ Procedure-based methodology – using CPT, plan,	No	Visit/Volume Reductionuse of ancillary/referred services	

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Group	Specialty Type	Unit of Payment for Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁶ ?	Utilization Incentives in Contract: (check all that apply)	Comments
		provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
8	Sub - Specialty	_X_Procedure-based methodology – using CPT, plan, provider or other codingAPC CodeFull/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
9	Multi- specialty	_X_ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred servicesuse of diagnostic testsoverall efficiency of careuse of pharmacy servicesOthers (please specify)	
10	Multi- specialty	_X_Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Additional Questions for Professional Groups

- 1. List the five most common areas of quality and service incentives in your company's professional group contracts:
 - i. HEDIS (diabetes, breast cancer screening, colonoscopy, etc.)
 - ii. HCHAPS
 - iii. EMR adoption
 - iv. Inpatient and ER use
 - v. Rx Management
- 2. Percent of total payments to these ten professional groups in CY 2011 spent on quality incentive payments. ___<1%____
- 3. Percent of total payments to these ten professional groups in CY 2011 paid through units of service based on efficient resource use (i.e APC, Bundled Services or partial/global budgeting): ___n/a____
- 4. Estimated Payments in first six months of CY 2011 for Professional Group Services as % of what Medicare would have paid for similar set. of services: 122% (i.e. 22% over Medicare Reimbursement) (add comments or caveats)

The analysis was conducted using a claim line level comparison between allowed reimbursement and Medicare fee information obtained from RBRVS tables as well as Medicare ancillary schedules such as clinical lab, DME etc. Anesthesia services were also included. Procedures that Medicare does not reimburse but supplies RVU information for, such as preventive medicine and consults codes, are included at the RVU level rate for the Medicare comparison. Claims lines that do not have RBRVS/Ancillary schedule information were dropped from the analysis.

Additionally, Tufts Health Plan has concerns that the results may be skewed due to particular mix of services for providers. Based on the concerns listed above it is our belief that a Medicare comparison might not result in a benchmark that is useful and could lead to unintended and/or misinterpreted conclusions that if made public could impact certain contract negotiations by putting upward pressure on unit costs.

Other Comments on Quality/Efficiency Incentives in Professional Group Contracting:

Selected Contract Sections Showing Compliance To OHIC Conditions

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Effective for dates of service on or after January 1, 2011

Office of the Health Insurance Commissioner Conditions

<u>Pay-For-Performance:</u> [Redacted] is available for the Hospital to earn based upon quality and/or efficiency measures [redacted].

<u>Case Rates:</u> In the event [redacted] parties agree to meet to discuss the potential to transition to efficiency based payment methodologies (e.g., DRG, APC) in a manner that [redacted].

<u>Administrative Efficiency:</u> Tufts Health Plan agrees to assign a Contract Specialist to provide ongoing contract related support through the term of the agreement to help mitigate contract related issues.

The Hospital agrees to work with and communicate issues to the Contract Specialist on an ongoing basis and work in good faith to resolve contract related issues in a timely manner.

<u>Communication</u>: During calendar year 2011 parties agree to formalize clinical communication that promotes and measures improved clinical communications between the hospital and each patient/member's designated primary care physician, specialist physicians, long term care facility, or other providers.

<u>Public Release of Contract Terms:</u> Parties agree to allow the public release of terms outlined in this agreement if compelled by State regulatory authorities.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System
State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

 Please provide an excel spreadsheet in the following format, detailing the 2011 actual and 2013 requested small and large group administrative costs pmpm, allocated among the NAIC- financial statement administrative cost categories.
 Please explain any significant changes from the financial filing for 2011 (increases/decreases of more than five percent in a particular category).

	2011 Actual (fi	rom filed financial				
RI Insured HMO	state	ements)	2013 P	roposed	% Char	ige
		•				Large
	Small Group	Large Group	Small Group	Large Group	Small Group	Group
Total Estimated Member						
Months	4,509	18,246	4,480	19,600	-0.6%	7.4%
Total Estimated Premiums						
(\$pmpm)	\$378.21	\$397.92	\$417.71	\$439.41	10.4%	10.4%
Total General Administrative						
Expense	\$41.82	\$41.20	\$43.68	\$41.50	4.4%	0.7%
Total Cost Containment						
Expense	\$10.43	\$9.64	\$10.10	\$10.10	-3.2%	4.7%
Total Other Claim Adjustment Expense (\$pmpm)	\$7.99	\$7.38	\$7.73	\$7.73	-3.2%	4.7%
Breakdown of General Adminis	trative Expense	e (\$pmpm)				
a. Payroll and benefits	\$2.94	\$2.72	\$2.85	\$2.85	-3.2%	4.7%
b. Outsourced Services (EDP,						
claims etc.)	\$0.09	\$0.09	\$0.09	\$0.09	-3.2%	4.7%
c. Auditing and consulting	\$8.02	\$7.42	\$7.77	\$7.77	-3.2%	4.7%
d. Commissions	\$13.59	\$14.62	\$15.24	\$13.06	12.1%	-10.6%
e. Marketing and Advertising	\$1.76	\$1.63	\$1.71	\$1.71	-3.2%	4.7%
f. Legal Expenses	\$0.17	\$0.16	\$0.16	\$0.16	-3.2%	4.7%
g. Taxes, Licenses and Fees	\$7.56	\$7.96	\$8.83	\$8.83	16.8%	11.0%
h. Reimbursements by Uninsured Plans	\$0.00	\$0.00	\$0.00	\$0.00	0.0%	0.0%
i. Other Admin Expenses	\$7.68	\$6.62	\$7.04	\$7.04	-8.4%	6.4%

Notes

- The expense in any given administrative category may vary from year to year due to the small size of Tufts Health Plan's HMO block of business in Rhode Island. In aggregate, however, total admin has increased less than about 3% per year.
- 2. Please also provide an excel spreadsheet in the following format; detailing actual calendar year 2007-2011 fully insured commercial administrative costs, in accordance with the following table. This should be consistent with the annual statement filings to OHIC for administrative costs, providing additional detail on the components of administrative costs using the categories defined by NAIC financial statement and as allocated to commercially insured business only. Specifically, the information provided should agree with the "Exhibit of Premiums, Enrollment and Utilization" and the "Analysis of Operations by Line of Business" schedules included in the Annual Statements on file with OHIC. Where there are variance, a reconciliation and explanation should be provided.

Fully Insured Commercial Administrative Cost History

RI Insured HMO	2007	2008	2009	2010	2011
Total Premiums			1,212,134	6,544,977	8,965,746
Total General Administrative					
Expense			192,865	732,653	940,237
General Admin Exp. Ratio			15.9%	11.2%	10.5%
Total Fully Insured Member					
Months			3,878	18,547	22,755
General Administrative					
Expense (\$pmpm)			\$49.73	\$39.50	\$41.32
Breakdown of General Adminis	trative Expense	e (\$pmpm)			
a. Payroll and benefits		1	\$3.37	\$2.49	\$2.76
b. Outsourced Services (EDP,					
claims etc.)			\$0.01	\$0.01	\$0.09
c. Auditing and consulting			\$5.92	\$4.93	\$7.54
d. Commissions			\$11.74	\$16.10	\$14.41
e. Marketing and Advertising			\$2.52	\$1.72	\$1.66
f. Legal Expenses			\$0.08	\$0.11	\$0.16
g. Taxes, Licenses and Fees			\$6.25	\$7.06	\$7.88
h. Reimbursements by					
Uninsured Plans			\$0.00	\$0.00	\$0.00
i. Other Admin Expenses			\$19.85	\$7.03	\$6.83
Cost Containment Expense			20,663	158,478	222,967
Other Claim Adjustment					
Expense			27,194	151,819	170,707
Total Self Insured Member					
Months for all Affiliated					
Companies doing business in					
RI			113,694	0	662

Notes:

 Total premiums for 2010 differ from the aggregate amount submitted in last year's filing, but are consistent with the individual small and large group figures submitted last year.

RI Insured HMO

- 3. At the request of OHIC's Health Insurance Advisory Council, please provide brief answers to the following questions
- In general and net of new taxes and fees, why should the rate of increase in Health Plan administrative costs exceed the general inflation rate?

Administrative expenses in total in a given year are adjusted for inflation, membership growth or loss and increases or decreases in corporate projects, which are often driven by regulatory requirements and government mandates. As a general practice, to set administrative expense targets for the annual financial plan, fixed administrative costs are grown at an inflationary rate. Variable administrative costs are then developed by applying inflation to the variable pmpm rate and then multiplying the inflated pmpm rate by planned member months. While those are the initial steps to develop targets, each administrative function is reviewed in detail to identify potential administrative cost savings and targets are adjusted accordingly.

• What percentage of administrative costs does your organization consider fixed for the next five years? Provide detail by expense categories.

For the total company, we currently consider 58% of our costs fixed as follows:

Fixed Administrative Costs by Category:	
Network Management	2%
Sales and Marketing	4%
Clinical Services	5%
Operations	5%
IT & Business Effectiveness	8%
Corporate Projects	14%
Fixed Overhead and Other	<u>20%</u>
Total Fixed Administrative Expenses	58%

• What administrative services are used by fully insured members that are not used by self-insured clients (e.g. broker commissions) and what are the estimated total costs (\$pmpm) for those services?

Administrative costs for fully insured membership include expenses associated with medical cost containment (\$9.80 pmpm), whereas in most cases self-insured clients bear these costs directly. Broker commissions (\$14.41 pmpm) are also not applicable to most self-insured clients.

 What does your plan use as its pmpm benchmarks or price points for commercial insurance administrative costs and why? We periodically participate in the benchmarking survey used to develop the *Sherlock Expense Evaluation Reports* (SEER) which are viewed as the definitive benchmarks for the functional areas of health plan administration. The Sherlock Expense Evaluation Reports (SEER) supply comprehensive and highly granular financial and operational metrics.



Health System Improvements Survey

The State of Rhode Island Office of the Health Insurance Commissioner Regulation 2 lists standards to be used by the Health Insurance Commissioner (Commissioner) for the assessment of the conduct of commercial health insurance issuers in Rhode Island for their efforts aimed at improving the efficiency and quality of health care delivery and increasing access to health care services. The standards include the following issuer activities:

- 1. Directing resources, including financial contributions, toward system-wide improvements in the state's health care system related to quality, access and efficiency, including providing support to local collaboratives, organizations, and initiatives that promote these three goals
- 2. Participating in the development and implementation of public policy issues related to health

To assist the Commissioner in this assessment, as part of the 2012 small and large employer group rate factor review process for commercial health insurance issuers in Rhode Island, please itemize and quantify your organization's contributions of finances and other material assets to these efforts in Rhode Island in calendar year 2011 in the following table.¹

System-wide Improvement Activity	Brief Description of Activity and How it Promotes Health Care System Quality, Access or Efficiency	Value of 2011 Issuer Contributions
Funding	Grants provided by the Tufts Health Plan Foundation and Community Relations to the following RI organizations to support wellness and safety initiatives	\$515,724
	Best Buddies International	
	Best Buddies Intergenerational College Project	
	Grant Amount: \$20,000	
	Mount St. Rita Health Centre	
	Blessings in a Back Pack	
	Grant Amount: \$5,000	
	Bethany Home of Rhode Island Inc.	

¹ The contributions can be to any entity other than a provider to improve medical and prevention services for all Rhode Islanders and to promote a coherent, integrated, and efficient statewide health care system.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920-4407 (401) 462-9640 (401) 462-9645 (Fax)

System-wide Improvement Activity	Brief Description of Activity and How it Promotes Health Care System Quality, Access or Efficiency	Value of 2011 Issuer Contributions
	Bethany Home Cares Grant Amount: \$43,036 • Homefront Health Care HIP-SAFE (Homefront Intervention to Prevent Slips & Falls in Elders) Grant Amount: \$59,438 • Rhode Island Free Clinic Inc. Healthy Lifestyles for Today and Tomorrow Grant Amount: \$60,000 • The Providence Center InShape Seniors Grant Amount: \$42,000 • Ocean State Center for Independent Living (OSCIL) Home Sweet Accessible Home Grant Amount: \$40,000 • Westbay Community Action Inc. Elder Safety Grant Amount: \$42,000 • Rhode Island Quality Institute Health Information Exchange Support Grant Amount: \$25,000 • EMR Payments \$179,250	
Participation in RI initiatives, programs and organizations	The goals of these programs, initiatives and organizations is to improve quality and/or transform primary care in the state: • CSI/Beacon (Project director, project manager, and nurse case manager support) \$38,329 • Value of Resource Time in Various Programs (Estimate of \$30,000 for 0.2 FTE for 2011) • RI DOH Medical Director meetings • RI Quality Partners Safe Transitions • RI Senate Commission on Hospital Payment Reform • RIQI Board of Directors • RI CSI Beacon Executive Committee	\$68,329

Thank you for your cooperation.

Tufts Insurance Company

Small Group Rate Filing -- Effective Date January 1, 2013

Part 1. Historical Information

Experience Period for Developing Rates

From 01/01/2009 12/31/2011

Utilization/Experience Data by Quarter (Last 12 Available Quarters)

								Incurred						Other				
					Incurred			Claims	Incurred			Quality	Other Cost	Claim	Other	Investment		
			Member	Earned	Claims	Incurred	Incurred Claims	Primary	Claims Other	Incurred		<u>Improveme</u>	Containmen	Adjustment	Operating	Income	Commission	Contribution
Quarter	End Date	IP Days	<u>Months</u>	<u>Premium</u>	Total	Claims IP	<u>OP</u>	Care	M/S	Claims Rx	Loss Ratio	nt Expense*	t Expense*	Expense*	Expense*	Credit	<u>s</u>	to Reserves
1 (Oldest)	03/31/2009	76	1,102	\$405,221	\$701,562	\$468,348	\$61,421	\$23,191	\$111,445	\$37,158	175.4%	\$9,009	\$4,958	\$6,486	\$37,439	N/A	\$23,873	(\$378,107)
2	06/30/2009	132	3,007	\$1,042,273	\$1,331,406	\$573,675	\$187,236	\$57,272	\$406,296	\$106,926	130.1%	\$24,583	\$13,529	\$17,698	\$102,160	N/A	\$65,141	(\$512,244)
3	09/30/2009	36	3,800	\$1,293,844	\$959,092	\$138,405	\$306,968	\$78,223	\$302,586	\$132,911	76.5%	\$31,066	\$17,096	\$22,365	\$129,101	N/A	\$82,319	\$52,803
4	12/31/2009	139	4,217	\$1,447,488	\$1,190,529	\$296,776	\$260,194	\$86,067	\$392,450	\$155,042	84.7%	\$34,917	\$19,215	\$25,137	\$144,679	N/A	\$92,523	(\$59,511)
5	03/31/2010	21	3,760	\$1,268,976	\$849,611	\$81,861	\$247,686	\$75,560	\$304,262	\$140,242	69.3%	\$29,734	\$14,111	\$18,460	\$104,600	N/A	\$74,460	\$177,999
6	06/30/2010	28	2,719	\$939,442	\$760,321	\$179,215	\$171,752	\$60,517	\$242,771	\$106,065	83.2%	\$21,554	\$10,229	\$13,382	\$75,765	N/A	\$53,974	\$4,217
7	09/30/2010	17	2,411	\$860,083	\$608,511	\$54,219	\$183,883	\$57,653	\$220,731	\$92,024	73.0%	\$19,020	\$9,027	\$11,808	\$66,961	N/A	\$47,629	\$97,127
8	12/31/2010	48	2,255	\$824,757	\$770,902	\$162,112	\$182,154	\$57,529	\$247,289	\$121,818	95.6%	\$17,823	\$8,459	\$11,066	\$62,710	N/A	\$44,633	(\$90,836)
9	03/31/2011	49	1,940	\$720,955	\$798,139	\$190,611	\$203,824	\$50,202	\$243,663	\$109,840	112.6%	\$13,829	\$8,688	\$10,627	\$51,199	N/A	\$26,167	(\$187,695)
10	06/30/2011	13	1,781	\$671,036	\$426,035	\$25,535	\$112,155	\$39,990	\$161,042	\$87,312	65.4%	\$12,695	\$7,976	\$9,756	\$47,003	N/A	\$24,022	\$143,548
11	09/30/2011	63	1,540	\$604,262	\$658,934	\$178,642	\$175,090	\$35,358	\$190,531	\$79,314	110.9%	\$10,977	\$6,896	\$8,436	\$40,643	N/A	\$20,772	(\$142,397)
12	12/31/2011	42	1,433	\$573,713	\$402,302	\$21,777	\$111,229	\$37,188	\$161,666	\$70,442	71.9%	\$10,215	\$6,417	\$7,850	\$37,819	N/A	\$19,329	\$89,781

^{*} These categories should conform generally to the reporting in the NAIC statement Underwriting & Investment Exhibit Part 3- Analysis of Expenses and/or to the Supplemental Health Care Exhibit, Lines 6.3 and 8.1 If any of the historical information reported is different from that period as reported in the prior rate filing, please provide a reconciliation and explanation showing the amount of each element of difference.

- Notes:

 1. The Other Operating Expenses shown above include taxes, licenses and fees, which were excluded in previous filings for the same time periods

 2. Primary care claims definition has been revised to match the Primary Care Spend report

- 2. Fixpenses such as network access fee, COB and claims interest are moved from Other M/S claims to administrative expenses according to NAIC definition
 4. Claims Total differences from the COB and claims interest are moved from Other M/S claims to administrative expenses according to NAIC definition
 4. Claims Total differences from the COB and claims interest are moved from Other M/S claims to administrative expenses according to NAIC definition
 5. Claims Total differences from the COB and COB an

Part 2. Prospective Information

A. 2013 Trend Factors for Projection Purposes (Annualized)

	<u>IP</u>	<u>OP</u>	Primary Care	Other M/S	<u>Rx</u>	Weighted Total
Total	5.2%	6.7%	5.4%	4.7%	4.7%	5.4%
Price Only	3.6%	3.4%	3.3%	1.8%	0.8%	2.6%
Utilization	1.5%	3.2%	2.0%	2.9%	3.9%	2.8%
Other**						
Other**						
Other**						
Weights	20.4%	26.5%	9.4%	26.3%	17.4%	100%

^{**} All elements should add or compound to the total. If anything is to be reported as "Other" please provide a description.

2012 Trend Factors for Projection Purposes (Annualized)

					Autism		
	<u>IP</u>	OP	Primary Care	Other M/S	Mandate	Rx	Neighted Total
Total	5.9%	7.6%	6.4%	4.8%	0.2%	0.3%	5.3%
Price Only	3.6%	3.7%	4.1%	1.3%		-3.6%	1.9%
Utilization	2.2%	3.8%	2.2%	3.5%		4.0%	3.3%
Other**							
Other**							
Other**							
Weights	20.2%	24.7%	8.4%	29.3%		17.4%	100%

^{**} All elements should add or compound to the total. If anything is to be reported as "Other" please provide a description.

B. The following items for the period to which the rate filing applies, by quarter:

					Quality						
					Improvem	Other Cost		Other			
		Average %	Expected	Expected	ent	Containme	Other Claim	Operating	<u>Average</u>	Investment	
	Beginning	Rate	Pure Medical	Contribution to	Expense	nt Expense	Adjustment	Expense	Commissions	Income	Premium
Quarter	Date	Increase	Cost Ratio	Reserves %	<u>%*</u>	<u>%*</u>	Expense %*	<u>%*</u>	<u>%*</u>	Credit %	Tax %
1	01/01/2013	6.8%	85.2%	0.0%	1.6%	1.1%	1.4%	4.5%	3.2%	0.0%	3.0%
2	04/01/2013	6.5%	85.2%	0.0%	1.6%	1.1%	1.4%	4.5%	3.2%	0.0%	3.0%
3	07/01/2013	6.6%	85.2%	0.0%	1.6%	1.1%	1.4%	4.5%	3.2%	0.0%	3.0%
4	10/01/2013	6.8%	85.2%	0.0%	1.6%	1.1%	1.4%	4.5%	3.2%	0.0%	3.0%
Weighted	Average	6.7%	85.2%	0.0%	1.6%	1.1%	1.4%	4.5%	3.2%	0.0%	3.0%

					Quality						
					Improvem	Other Cost		Other			
		Average %	Expected	Expected	<u>ent</u>	Containme	Other Claim	Operating	Average	Investment	
	Beginning	Rate	Pure Medical	Contribution to	Expense	nt Expense	<u>Adjustment</u>	Expense	Commissions	Income	Premium
Quarter	Date	Increase	Cost Ratio	Reserves %	<u>%*</u>	<u>%*</u>	Expense %*	<u>%*</u>	<u>%*</u>	Credit %	Tax %
1	01/01/2012	3.4%	86.5%	0.0%	1.1%	0.8%	1.1%	5.0%	3.2%	0.0%	2.3%
2	04/01/2012	3.0%	86.5%	0.0%	1.1%	0.8%	1.1%	5.0%	3.2%	0.0%	2.3%
3	07/01/2012	4.0%	86.5%	0.0%	1.1%	0.8%	1.1%	5.0%	3.2%	0.0%	2.3%
4	10/01/2012	6.6%	86.5%	0.0%	1.1%	0.8%	1.1%	5.0%	3.2%	0.0%	2.3%
Weighted	Average	4.2%	86.5%	0.0%	1.1%	0.8%	1.1%	5.0%	3.2%	0.0%	2.3%

^{*} These categories should conform generally to the reporting in the NAIC statement Underwriting & Investment Exhibit Part 3 - Analysis of Expenses and to the Supplemental Health Care Exhibit, Lines 6.3 and 8.1 The sum of the expenses, commissions, contributions to reserves, investment income credit, taxes and the medical loss ratio should be 100%.

C. Average Rate Increase Components

The following items should reconcile to the Weighted Average Percent Rate Increase for the year:

	Price	Utilization, Mix	<u>Total</u>
Hospital Inpatient Price	0.6%	0.3%	0.9%
Hospital Outpatient	0.8%	0.7%	1.5%
Primary Care	0.3%	0.2%	0.4%
Med/Surg Other Than Primary Care	0.4%	0.6%	1.0%
Pharmacy	0.1%	0.6%	0.7%
Administrative Expense (Aggregated)			0.6%
Contribution to Reserves			0.0%
Taxes and Assessments			0.9%
Legally Mandated Changes			0.0%
Prior Period Adjustment (+/-)			0.6%
Total			6.7%

Part 3. Retrospective Reconciliation of Experience with Filed Factors

			Filed Data ¹			PMPN	I Increase ²	Standard	l Plan PMPM³	Standard Pl	an Increase⁴	Аррг	oved	Loss	Ratio
<u>Year</u>	Member Months	Earned Premium	Incurred Claims Total	Premium PMPM	Claims PMPM	Premium	<u>Claims</u>	Premium	Claims	Premium	Claims	Trend Increase%	Contrib to Reserves%	Actual%	Filed%
2009	12,126	4,188,825	4,282,166	\$345.44	\$353.14			376.24	576.75			9.7%	0%	102.2%	87.0%
2010	11,145	3,893,259	3,077,477	\$349.33	\$276.13	1.1%	-21.8%	354.15	284.33	-5.9%	-50.7%	9.5%	0%	79.0%	87.0%
2011	6,694	2,569,965	2,333,127	\$383.92	\$348.54	9.9%	26.2%	327.93	784.15	-7.4%	175.8%	9.2%	0%	90.8%	87.6%

¹ Corresponds to historical Information data in Part 1 above

1. Filed loss ratio for CY 2011 is the sum of the expected pure medical cost ratio and expected quality improvement expenses % in 2011 rate factor filing

Due to the lack of credible experience, manual rates are developed by trending forward prior base rates to reflect trend changes. Therefore, depending on the timing of trend change, rate increases may be different from trend increase. The difference is reflected as Prior Period Adjustment above.

² Percent increase compared to prior year

³ For most commonly held plan of benefits in 2010 and for the same plan of benefits in 2011

⁴ Percent increase compared to prior year

Rhode Island Health Statement Supplement

Cover Sheet

Tufts Associated Health Maintenance Organizations & Tufts Company Name

Insurance Company

Enter NAIC# 95688 & 60177 **Reporting Year** 2011

Enter DBR registration # (TPAs)



OFFICE OF THE **HEALTH INSURANCE COMMISSIONER**

STATE OF RHODE ISLAND

Office of the Health Insurance Commissioner 1511 Pontiac Ave, Building #69 first floor Cranston, RI 02920 (401) 462-9517 (401) 462-9645 (fax) HealthInsInquiry@ohic.ri.gov

			- 1	1		2	^		-	-				7	0			10		11	
		1	1				3		4	5		6			8	9		10		11	
							1														
	Line of Business Exhibit																				
	Lille of Dusilless Exhibit						Stop loss/ I	Evenee										ther Medical No	n-		
Field		Compreh	nensive/Major me	edical	A	SO/TPA	loss/Reins		Medicare Part C	Medicare F	Part D	Medicare Supple	ement Policies Medic	raid/Other nublic	Student blank	et Dental		Comprehensive		cross all lines of b	usiness)
11010			Non-RI	All					RI Non-RI All			RI Non-			RI Non-RI					Non-RI	All
1 1	Membership Data																				
	Number of Polices or Certificates	197		197	1		1			91	91	3 -	3			_			- 292		202
	Number of Covered Lives	3,936	737	4,673	299	29	328			91	91		5						- 4,331		5,097
1	Member Months	48,618	8,909	57,527	603		662			1,062	1,062		60			-			- 50,343		59,311
-	Number of Polices or Certificates (Plans with PD benefits)	197	-	197	1	-	1			91 -	91							-	- 292		292
	Number of Covered Lives (Plans with PD benefits)	3,936	737	4,673	299	29	328			91 -	91		5 -					-	- 4,331		5,097
	Member Months (Plans with PD benefits)	48,618	8,909	57.527	603			-		1,062 -								-	- 50.343		59,311
	· · · · · · · · · · · · · · · · · · ·								1 1			1									
	Premiums/Claims																				
2	Premium	19,382,569	3.553.785	22.936.354	162.614	18,088 180,	702	- 1		146,221	146,221	23,160 -	23,160			-	- 1		- 19.714.564	3,571,873	23,286,437
	Claims/Medical Expenses	17,496,249	3,228,233	20,724,482	139,151	15,072 154,	222	-	-	405,690	405,690	20,052 -	20,052	-		-	-		- 18,061,142	3,243,305	21,304,446
	·																				
	Inpatient Facility																				
	Hospital																				
	1 In-state	3,158,748	206,043	3,364,791	17,550	- 17,	550	-	-		-		-	-		-	-		- 3,176,298	206,043	3,382,341
	2 Out-of-state	540,726	359,998	900,724	-	-	-	-	-		1		-	-		- 1	-		- 540,726		900,724
	3 Total (Lines 1 + 2)	3,699,474	566,041	4,265,515	17,550	- 17,	550	-							-			-	- 3,717,024	566,041	4,283,065
	SNF																				
3	4 In-state	33,154	5,624	38,778	-	-	-		-		-		-	-		- 1	-		- 33,154	5,624	38,778
"	5 Out-of-state	-	-	-	-	-	-		-		1		-			- 1	-			-	-
	6 Total (Lines 4 + 5)	33,154	5,624	38,778	-	-		-			1 -					- - -		-	- 33,154	5,624	38,778
	Other																				
	7 In-state	1,167	-	1,167	-	-	-	-	-		-		-	-		-	-		- 1,167	-	1,167
	8 Out-of-state	-	12,761	12,761	-	-	-	-	-		-		-	-		-	-			12,761	12,761
	9 Total (Lines 7 + 8)	1,167	12,761	13,928	-	-		-			-							-	- 1,167	12,761	13,928
1	0 Total Inpatient Facility (Lines 3 + 6 + 9)	3,733,795	584,427	4,318,222	17,550	- 17,	550	-			-							-	- 3,751,345	584,427	4,335,772
	•																				
	Outpatient Facility																				
	Hospital																				
	1 In-state	3,352,396	210,704	3,563,100		916 23,		-	-		-	1,633 -	1,633	-		-	-		- 3,376,704		3,588,324
1	2 Out-of-state	317,396	538,951	856,347	1,088		922	-	-		-		-	-		-	-		- 318,484		859,269
	3 Total (Lines 11 + 12)	3,669,791	749,655	4,419,447	23,763	2,749 26,	512	-			-	1,633 -	1,633 -					-	- 3,695,188	752,404	4,447,593
	SNF																				
	4 In-state	-	-	-	-	-	-	-	-		-		-	-		-	-		-	-	-
	5 Out-of-state	-	-	-	-	-	-	-	-		-		-	-		-	-		-	-	-
4	6 Total (Lines 14 + 15)	-	-	-	-	-		-			-							-	-	-	-
	Freestanding Ambulatory Care Facility																				
	7 In-state 8 Out-of-state	747,250	53,967	801,218			893	-	-		-			-		-	-		- 749,143		803,110
		168,850	101,890	270,740	-		631	-	-		-			-		-	-		- 168,850		275,371
	9 Total (Lines 17 +18)	916,100	155,858	1,071,958	1,893	4,631 6,	524	-			-							-	- 917,993	160,489	1,078,482
	Other	700 100		710 170			100				1	0.0	0.0								710.000
1	20 In-state	728,426	17,731	746,156	2,074		189	-	-		-	310 -	310			-			- 730,809	17,845	748,655
		146,342	140,799	287,140			314	-			-	47 -				-			- 147,334 - 878 143		288,501
	Total (Lines 20 + 21) 3 Total Outpatient Facility (Lines 13 + 16 + 19 + 22)	874,767 5,460,659	158,529 1.064.042	1,033,296	3,019	484 3,: 7.864 36.:	503				-	357 - 1,990 -	357 - 1.990 -						 878,143 5,491,325 	159,013	1,037,156 6.563.231
4	10tal Outpatient Facility (Lines 13 + 16 + 19 + 22)	5,460,659	1,004,042	0,324,701	20,070	7,004 30,	559				-	1,990 -	1,990 -					-	- 5,491,323	1,071,906	0,303,231
	Primary Care																				
5	24 Total Primary Care	1,115,436	219,726	1,335,162	15 201	842 16,	042	1			_	679 -	679						- 1,131,316	220,567	1,351,883
4	T TOTAL T TIMALY CALC	1,110,430	213,120	1,335,102	10,201	042 16,	UTU			 		0/9	0/9			- 1			- 1,131,316	220,001	1,301,003
	Pharmacy																				
6	25 Total Pharmacy	3,060,587	545,750	3 606 327	11 737	1,491 46,	227	1.1		405,690	405 600	10,316 -	10,316						- 3,521,330	547,241	4,068,570
	Total Final macy	3,000,307	343,730	3,000,337	44,131	1,431 40,	LL1			+00,000	400,090	10,510	10,310	1 -		- 1 1			3,321,330	J41,241	+,000,570
	Medical/Surgical other than primary care																				
-	Medical/Surgical other than primary care	2.373.477	133,824	2.507.301	17.385	1.341 18.	706				_	E 254	E 254						- 2.396,216	135,165	2.531.381
7	26 In-state 27 Out-of-state	429,183	133,824 432,394	2,507,301 861,577	17,385		726 257	+		 	-	5,354 -		 		- -	+		- 2,396,216 - 429,625		2,531,381 863,834
	28 Total Other Medical/Surgical (Lines 26 + 27)	2,802,660	566,218	3,368,878		3,155 20,		-	_	1 _ 1	+ -	5,354	5,354 -				+:+		- 429,625		3,395,215
L 1 2	Total Other Medical/Surgical (Lines 26 + 27)	∠,0U∠,00U	300,218	3,308,878	17,828	3,100 20,		1 -	- - -	<u> </u>		5,354 -	5,354 -	- 1 -	<u> </u>	- 1 - 1 -	1 - 1 -		- ∠,8∠5,841	509,374	ა,აყნ,215
	All other payments to medical providers																				
8	29 Total	1,323,112	249.070	1 574 400	15 150	1.720 16.	990			1		1,714 -	1,714	1 1			1 - 1		- 1,339,986	240 700	1,589,776
	. s Total	1,323,772	∠ 4 0,U/U	1,577,182	15,159	1,720 16,	DOV	-			-	1,/14	1,/14	-		-	1 - 1		- 1,339,986	249,790	1,509,776

_			1			2			3		4			5			6			7			8	
Market Exh	nibit (For Comprehensive/Major Medical Line of Business)	In	dividual			Small Group			Large Group		Associa	ion		Trust		Federal Emp	oloyee Hea	alth Benefit	Other	r Health Ma	arket	Total	'Across all mark	kets)
			Non-RI	All	RI	Non-RI	All	RI	Non-RI	All	RI Non-F		RI	Non-RI	All	RI	Non-RI	All		Non-RI		RI	Non-RI	A
Membership D	Dete.	IXI	NOII-IXI	ZSII	IM	11011-111	All	IXI	NOTETA	Zui	TO TOTAL	i Aii	181	Non-Itt	All	IXI	NOII-IXI	ZSII	IXI	NOII-IXI	All	IXI	INOTI-INI	
	Polices or Certificates				405		405	04		31												407		
		1	-			140	165	31	-			-			-			-			-	197 3.936	-	
	Covered Lives	1	-	1			842	3,233	597	3,830		-			-			-			-		737	
Member Mo		12	-	12		1,838	11,311	39,133	7,071	46,204		-			-			-			-	48,618	8,909	
	Polices or Certificates (Plans with PD benefits)	1	-			-	165	31	-	31				-	-	-	-	-	-	-	-	197	-	
	f Covered Lives (Plans with PD benefits) fonths (Plans with PD benefits)	1	-	10	702	140		3,233	597	3,830				-	-	-	-	-	-	-	-	3,936	737	
Member Mc	ionths (Plans with PD benefits)	12	-	12	9,473	1,838	11,311	39,133	7,071	46,204	-		-	-	-	-	-	-	-	-	-	48,618	8,909	
Premiums/Clai	aims																							
Premium		2,874		2,874		690,328		15,721,439	2,863,457	18,584,896		-			-						-	19,382,569	3,553,785	22
Claims/Med	edical Expenses	1,660	-	1,660	3,100,638	454,637	3,555,275	14,393,951	2,773,596	17,167,547					-			-			-	17,496,249	3,228,233	2
Inpatient Facili	lity																							
Hospital																								
1 In-state	e	-	-	-	441,217	49,217	490,434	2,717,530	156,826	2,874,356		-			-			-			-	3,158,748	206,043	3
2 Out-of-s	-state	-	-	-	52,816	12,154	64,969	487,911	347,844	835,755		-			-			-			-	540,726	359,998	
3 Total (I	Lines 1 + 2)	-	-	-	494.033	61,371	555,404	3,205,441	504,670	3,710,111	-		-	-	-	-	-	-	-	-	-	3,699,474	566,041	
SNF					.5 .,500	,	,	-,,	22.,270	*********				-								.,,	,- 11	
4 In-state	e	-	-	-	7,542	-	7,542	25,612	5,624	31,236		-			-			- 1			- 1	33,154	5,624	
5 Out-of-s		-	-	-	- 1,0	-	- 1,0		-	-		-			-			-			-	-		
	Lines 4 + 5)	-	-	-	7,542	-	7,542	25,612	5,624	31,236	-			-	-	-	-	-	-	-	-	33,154	5,624	
Other	·									,	-			•									-7-	
7 In-state	e	-	-	-	-	-	-	1,167	-	1,167		-			-			-			-	1,167	-	
8 Out-of-s	-state	-	-	-	-	-	-	-	12,761	12,761		-			-			-			-	-	12,761	
	Lines 7 + 8)	-	-	-	-	-	-	1,167	12,761	13,928	-		-	-	-	-	-	-	-	-	-	1,167	12,761	
	Facility (Lines 3 + 6 + 9)	-	-	-	501,575	61,371	562,946	3,232,220	523,056	3,755,276	-		-	-	-	-	-	-	-	-	-	3,733,795	584,427	
•											·	•	•											
Outpatient Fac	cility																							
Hospital																								
11 In-state	e	-	-	-	514,964	32,443	547,407	2,837,431	178,261	3,015,692		-			-			-			-	3,352,396	210,704	
12 Out-of-s	-state	-	-	-	117,047	54,151	171,198	200,349	484,800	685,149		-			-			-			-	317,396	538,951	
13 Total (L	Lines 11 + 12)	-	-	-	632,011	86,594	718,605	3,037,780	663,061	3,700,842	-		-	-	-	-	-	-	-	-	-	3,669,791	749,655	
SNF																								
SINI	e	-	-	-	-	-	-	-	-	-		-			-			-			-	-	-	
14 In-state	-state	-	-	-	-	-	-	-	-	-		-			-			-			-	-	-	
14 In-state 15 Out-of-s			-	-	-	-	-	-	-	-	-			-	-	-	-	,		-	-	-	-	
14 In-state 15 Out-of-s 16 Total (L	Lines 14 + 15)	-																						
14 In-state 15 Out-of-s 16 Total (L Freestanding Am	nbulatory Care Facility	-					165,515	586,997	48,705	635,702		-			-			-			-	747,250	53,967	
14 In-state 15 Out-of-s 16 Total (L Freestanding Am 17 In-state	nbulatory Care Facility e	-	-	-	160,253	5,262									-		_	-			-	168,850	101.890	
14	mbulatory Care Facility e -state		-	-	42,588	11,594	54,182	126,262	90,297	216,558		-												
14	nbulatory Care Facility e	-					54,182		90,297 139,002	216,558 852,260	-			-	-	-	-	-	-	-	-	916,100	155,858	
14	mbulatory Care Facility e -state	- - -	-	-	42,588 202,841	11,594	54,182 219,698	126,262 713,259	139,002	852,260	-			-	=	-	-	-	-	-	-	916,100	-	
14	nbulatory Care Facility e e state Lines 17 + 18)		-	1,420	42,588 202,841 109,081	11,594 16,856 7,179	54,182 219,698 116,260	126,262 713,259 617,925	139,002	852,260 628,476	-		-	-	-	-	-	-	-	-	-	916,100	17,731	
14	nbulatory Care Facility	1,420	-	1,420	42,588 202,841 109,081 15,956	11,594 16,856 7,179 30,833	54,182 219,698 116,260 46,788	126,262 713,259 617,925 130,386	139,002 10,551 109,966	852,260 628,476 240,352	-		-	-	-	-	-		-	-		916,100 728,426 146,342	17,731 140,799	
14 In-state 15 Out-of-s 16 Total (L Freestanding Am 17 In-state 18 Out-of-s 19 Total (L Other 20 In-state 21 Out-of-s 21 Total (L	nbulatory Care Facility e e state Lines 17 + 18)	- - - - 1,420	-	1,420	42,588 202,841 109,081 15,956 125,037	11,594 16,856 7,179 30,833 38,012	54,182 219,698 116,260 46,788 163,048	126,262 713,259 617,925	139,002	852,260 628,476			-	-	-	-	-	-	-	-	-	916,100	17,731	1 6

5	Primary Care 24 Total Primary Care	-	-	-	236,566	66,277	302,843	878,870	153,449	1,032,319			-			-		-		-	1,115,436	219,726	1,335,162
6	Pharmacy 25 Total Pharmacy			-	560,457	63,013	623,470	2,500,130	482,738	2,982,868			-			-		-		-	3,060,587	545,750	3,606,337
	Medical/Surgical other than primary care	107		107	500,447	25.883	526,330	1,872,922	107,942	1,980,864											2,373,477	122 024	2,507,301
7	27 Out-of-state 28 Total Other Medical/Surgical (Lines 26 + 27)	- 107	-	107	100,752 601,200	54,851 80,734	155,604 681,934	328,431 2,201,353	377,542 485,484	705,973 2,686,837	-	-	-	-	-	-	-		-		429,183 2,802,660	133,824 432,394 566,218	861,577 3,368,878
8	All other payments to medical providers	133	-	133	240,951	41,780	282,732	1,082,028	206,290	1,288,317			-			- 1		-		-	1,323,112	248,070	1,571,182

2012 Rate Review Process Areas of Medical Expense Variation

Introductory Remarks

The stated goal of this exercise is to improve OHIC's understanding of the drivers of rising medical spending in Rhode Island by comparing the experience of the issuer's Rhode Island member base to a benchmark. For the purposes of this analysis, we have used our 2011 fully insured MA HMO experience as the benchmark. However, given the size of Tufts Health Plan's membership base in Rhode Island, the results of this comparative analysis will have limited credibility. Our relative costs by area of care have changed significantly in Rhode Island from year to year and are expected to continue to be volatile as our population in this market grows. Although we have commented on the probable causes of each variation listed, these fundamentally reflect a small, immature market compared to a much larger, more mature benchmark and should be interpreted with caution.

1. The top five areas of care, based on per capita total dollar value positive variation from the benchmark

		PMPM	
	Total Excess	Excess	
Area of Care	Spending	Spending	Comments on Estimated Cause
INPATIENT ACUTE MED/SURG	\$1,339,638	\$23.29	Attributable to higher utilization (both admits and ALOS), rather than unit cost.
			High cost claimants identified as having a disproportionately large impact.
			The higher number of admits may be a consequence of lower than benchmark outpatient professional care.
PHARMACY - Rx MM	\$717,042	\$12.46	Attributable to higher utilization across tiers and therapeutic classes.
			Higher utilization driven by more members in RI having prescriptions filled than in the benchmark population, rather than a higher number
			of prescriptions per member.
OUTPATIENT LABORATORY	\$558,538	\$9.71	Capitation strategy applied in the benchmark population successfully contains cost.
OUTPATIENT INJECTIONS	\$425,609	\$7.40	Driven primarily by a difference in payment methodology between RI and the benchmark population. Injection claims in RI are reimbursed
			on a fee for service basis while in the benchmark population they are reimbursed on a fee for service basis or bundled into an outpatient
			surgery case payment. More than 50% of the higher RI utilization is associated with outpatient surgery claims, which would not be
			separately identified in the benchmark population.
OUTPATIENT EMERGENCY ROOM	\$406,508	\$7.07	Attributable primarily to a higher cost per emergency room encounter. This higher cost per encounter is driven less by higher unit cost in RI
			and more by the higher number of services delivered within an emergency room encounter compared to the benchmark.

2. The top five areas of care, based on the percent of positive variation in per capita spending from the benchmark

	Percent of	Total	
	Positive	Excess	
Area of Care	Variation	Spending	Comments on Estimated Cause
OUTPATIENT INJECTIONS	158%	\$425,609	Driven primarily by a difference in payment methodology as described above.
FREE STANDING HIGH COST RADIOLOGY	124%	\$130,764	Higher utilization of allied health facilities, along with lower Outpatient Hospital High Cost Radiology utilization, reflects appropriate re-
(MRI, PET, CT)			direction of care to lower cost providers.
OUTPATIENT LABORATORY	96%	\$558,538	Capitation strategy applied in the benchmark population successfully contains cost.
INPATIENT OTHER	74%	\$117,886	Driven by Mental Health/Substance Abuse services. Capitation strategy for inpatient Mental Health/Substance Abuse within the benchmark
			population effective at containing costs.
OUTPATIENT EMERGENCY ROOM	63%	\$406,508	Attributable primarily to the number of services delivered within an emergency room encounter, as described above.



Provider Contracting Practices and Hospital Contracting Conditions Verification Questionnaire

Background

The Health Insurance Advisory Council (HIAC) to the State of Rhode Island Office of the Health Insurance Commissioner (OHIC) has promulgated Affordability Standards for commercial health insurance issuers in Rhode Island.

Health plans will improve the affordability of health care in Rhode Island by focusing their efforts upon provider payment reform, beginning with primary care. Achievement of this goal will not add to overall medical spend in the short-term, and is expected to produce savings thereafter. Specific areas of focus in support of this goal are as follows:

- 1. Expand and improve the primary care infrastructure in the state—with limitations on ability to pass on cost in premiums
- 2. Spread Adoption of the "Chronic Care Model" Medical Home
- 3. Standardize electronic medical record (EMR) incentives
- 4. Work toward comprehensive payment reform across the delivery system

To support standard four, OHIC has previously issued six conditions for issuer contracts with hospitals in Rhode Island, to be implemented by issuers upon contract execution, renewal, or extension. These are as follows:

- 1. Utilize unit of service payment methodologies for both inpatient and hospital outpatient services that realign payment to provide incentives for efficient use of health services, and are derived from nationally utilized payment practices other than fee for service.
- 2. Limit average annual effective rates of price increase for both inpatient and outpatient services to a weighted amount equal to or less than the Centers for Medicare and Medicaid Services (CMS) National Prospective Payment System Hospital Input Price Index ("Index"), for all contractual and optional years covered by the contract
- 3. Provide the opportunity for hospitals to increase their total annual revenue for

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

commercially insured enrollment under the contract by at least additional two percentage points over the previous contract year by improving or attaining mutually agreed-to performance levels for no less than three nationally-accepted clinical quality, service quality or efficiency-based measures.

- 4. Include terms that define the parties' mutual obligations for greater administrative efficiencies
- 5. Include terms that promote and measure improved clinical communications between the hospital and each patient/member's designated primary care physician, specialist physicians, long term care facility, or other providers.
- 6. Include terms that explicitly relinquish the right of either party to contest the public release of the any and all of these five specific terms by state officials or the participating parties to the agreement.

The purpose of this questionnaire is to assess compliance with standard four of the Affordability Standards and to consider the responses in connection with OHIC's 2012 small and large employer group rate factor review process for commercial health insurance issuers in Rhode Island.

Directions

- 1. Please fill out all parts of questionnaire.
- 2. As no providers are identified and no financial details are solicited, none of this information will be considered proprietary or confidential. Should any information or document be considered confidential by the filer, the filer must request approval of the Health Insurance Commissioner. The request must identify the specific information or document (or portion thereof) which the filer considers confidential, accompanied by a factual and legal analysis supporting the request.
- 3. Questionnaire responses must be verified by filing those portions of each hospital contract which support the survey response. An index or other method of reference must be included to identify which hospital contract documentation relates to each survey response. Any contract excerpts provided will be summarized for review.
- 4. Please contact OHIC with any questions.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407 (401) 462-9640

(401) 462-9645 (Fax)

www.ohic.ri.gov

THIS INFORMATION IS A TRADE SECRET AND MAY NOT BE DISCLOSED TO THIRD PARTIES WITHOUT TUFTS HEALTH PLAN'S PERMISSION

General comment:

Tufts Health Plan has a long standing commitment to investment in payer-provider incentive alignment, and we maintain hospital and physician incentive programs that apply to the vast majority of our network providers. As a relatively new entrant into the RI market, we are at an early stage of incorporating incentive mechanisms into our RI provider contracts. Provider incentive will be a key component of our contracting strategy as we grow our presence in the state of RI.

Tufts Health Plan requests that the information provided in response to this survey be deemed to constitute "trade secrets" within the meaning of the term in section 38-2-2(4)(i)(B) of the Rhode Island General Laws. We have included a footer stating "THIS INFORMATION IS A TRADE SECRET AND MAY NOT BE DISCLOSED TO THIRD PARTIES WITHOUT TUFTS HEALTH PLAN'S PERMISSION".

Finally, due to the questionable reliability of certain information provided in our responses, which is explained in further detail below, it is Tufts Health Plan's expectation and understanding that the information provided in this Provider Survey will not be used or considered in OHIC's review of Tufts Health Plan's rates.

Part 1. Hospital Inpatient Services

- Please fill out one row in the chart below for <u>each</u> general service institution (no specialty care, no rehab) with whom you contract in RI.
- Institution means hospital system if all contractual terms other than \$ amounts apply identically across all inpatient facilities in the contract.
- Incentives refer to activities or measures resulting in additional payments by the insurer.

	Duration of Current		Does Contract have				
	Contract since inception		provision for additional			Does this contract comply with	
	or last renewal,	Unit of Payment for	outlier payments and/or	Are there Quality or Customer	Utilization Incentives in	OHIC's July 2011 Rate Factor	
Institution/	whichever is later	Services (check all	severity adjusters (y/n)	Service Incentives in Contract	Contract: (check all that	Decision – Additional	
System	(years)	that apply)	and any comments	(y/n) ¹ ?	apply)	Conditions? ²	Comments

¹ Examples include supplemental payments beyond base fees for Bridges to Excellence Measure, Medicare Compare measures, HIT adoption, or customer satisfaction measures.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

www.ohic.ri.gov

THIS INFORMATION IS A TRADE SECRET AND MAY NOT BE DISCLOSED TO THIRD PARTIES WITHOUT TUFTS HEALTH PLAN'S PERMISSION

² Attach analysis and relevant documentation from contracts to demonstrate compliance status.

Institution/ System 1	Duration of Current Contract since inception or last renewal, whichever is later (years) 3 Years	Unit of Payment for Services (check all that apply) X DRG X Per Diem% of Charges Bundled Services Capitation or other budgetingOthers (please specify)	Does Contract have provision for additional outlier payments and/or severity adjusters (y/n) and any comments	Are there Quality or Customer Service Incentives in Contract (y/n)¹? No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. ³	Utilization Incentives in Contract: (check all that apply) admission reductions day reductions process/structural changes (e.g. discharge practices)Others (please specify)	Does this contract comply with OHIC's July 2011 Rate Factor Decision – Additional Conditions? ² N/A (Contract has not been renegotiated)	Comments
2	3 Years	x_DRG x_Per Diem% of Charges Bundled Services Capitation or other budgetingOthers (please specify)	Yes to additional outlier provision	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0.5~1.0%	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	
3	3 Years	DRGPer Diem _x % of Charges Bundled Services	No	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality	admission reductions day reductions Others (please specify)	N/A (Contract has not been renegotiated)	

³ % for Incentive Payments plus % for Services = 100%. Incentive payments not specified for inpatient or outpatient should be classified as inpatient.

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Institution/ System	Duration of Current Contract since inception or last renewal, whichever is later (years)	Unit of Payment for Services (check all that apply) Capitation or other budgetingOthers (please specify)	Does Contract have provision for additional outlier payments and/or severity adjusters (y/n) and any comments	Are there Quality or Customer Service Incentives in Contract (y/n)¹? incentive payments. 0.1~0.5%	Utilization Incentives in Contract: (check all that apply)	Does this contract comply with OHIC's July 2011 Rate Factor Decision – Additional Conditions? ²	Comments
4	2 Years	DRG _x_Per Diem% of Charges Bundled Services Capitation or other budgetingOthers (please specify)	Yes to additional outlier provision	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	
5	3 Years	DRGPer Diem x % of ChargesBundled Services Capitation or other budgetingOthers (please specify)	No	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	
6	3 Years	DRGPer Diem _x % of ChargesBundled	No	No If yes - % of total payments for inpatient services in CY	admission reductions day reductions Others (please specify)	N/A (Contract has not been renegotiated)	

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Institution/ System	Duration of Current Contract since inception or last renewal, whichever is later (years)	Unit of Payment for Services (check all that apply) Services Capitation or other budgetingOthers (please	Does Contract have provision for additional outlier payments and/or severity adjusters (y/n) and any comments	Are there Quality or Customer Service Incentives in Contract (y/n)¹? 2011 spent on quality incentive payments.	Utilization Incentives in Contract: (check all that apply)	Does this contract comply with OHIC's July 2011 Rate Factor Decision – Additional Conditions? ²	Comments
7	1 Year	specify) DRGYer Diem% of ChargesBundled ServicesCapitation or other budgetingOthers (please specify)	Yes to additional outlier provision	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments 0-2%	_X_ admission reductions _X day reductionsOthers (please specify)	Yes, please see attached	
8	3 Years	DRG _x_Per Diem% of ChargesBundled Services Capitation or other budgetingOthers (please specify)	Yes to additional outlier provision	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	

Additional Questions for Hospital Inpatient Services

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

1. List the five most common areas of quality and service incentives in your company's inpatient contracts:

(These measures apply to our hospital contracts that combine inpatient and outpatient services.)

- i. Joint Commission measures (e.g., AMI, CHF, pneumonia)
- ii. Leapfrog measures (e.g., CPOD, ICU staffing)
- iii.Prevention of "Never Events"
- iv. Surgical infection rates
- v. Readmission rates
- 2. Estimated Percent of total payments to RI Hospitals for inpatient services in CY 2011 spent on quality incentive payments. 0.1~1%
- 3. Estimated Percent of total payments to RI Hospitals for inpatient services in CY 2011 paid through units of service based on efficient resource use (i.e DRG, Capitation, Bundled Service or partial/global budgeting): <5%
- **4.** Estimated Payments in first six months of CY 2011 for Inpatient Services to Hospitals as % of what Medicare would have paid for similar set. of services: See comment (add comments or caveats)

For inpatient services Tufts Health Plan does not currently have the technical capability to benchmark to Medicare IPPS reimbursement. Conducting such analysis would require incremental time, resources and technical capabilities. Benchmarking Tufts Health Plan inpatient payments to Medicare IPPS may yield volatile and potentially unreliable results due to a) differences in reimbursement methodology (Tufts Health Plan reimburses the majority of inpatient claims on either a Per Diem or Percent of Charge basis); b) our relatively small volume of business in Rhode Island; c) mix of services; and d) chargemaster levels to some of the hospitals in Rhode Island. Additionally, it is our belief that a Medicare comparison for some hospitals that perform very specific services, like Obstetrics, will not result in a comparison that is useful and may lead to unintended and/or misinterpreted conclusions.

Other Comments on Quality/Efficiency Incentives in Hospital Inpatient Contracting:

Part 2. Hospital Outpatient Services

- Please fill out one row in the chart below for each general service institution (no specialty care, no rehab) with whom you contract in RI.
- Institution means hospital system if all contractual terms other than dollar amounts apply identically across all inpatient facilities in the contract.
- Outpatient Services include any services not involving an admission and covered under the contract with the institution.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System
State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

www.ohic.ri.gov

Institution/ System	Unit of Payment for Outpatient Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁴ ?	Utilization Incentives in Contract: (check all that apply)	Comments
1	 x_Procedure-based methodology – using plan, provider or industry coding. APC Code Other (please specify) 	No If yes - %of total payments for inpatient services in CY 2011 spent on quality incentive payments. ⁵	Visit/Volume Reduction Others (please specify)	
2	 X Procedure-based methodology – using plan, provider or industry coding. APC Code Other (please specify) 	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0.5~1.0%	Visit/Volume Reduction Others (please specify)	
3	 x_Procedure-based methodology – using plan, provider or industry coding. APC Code Other (please specify) 	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0.1~0.5%	Visit/Volume Reduction Others (please specify)	
4	 x_Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality	Visit/Volume Reduction Others (please specify)	

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

⁴ Examples include supplemental payments beyond base fees for structural changes such as HIT, process measures or customer satisfaction.
⁵ % for Incentive Payments plus % for Services = 100%. Incentive payments not specified for inpatient or outpatient should be classified as inpatient.

Institution/ System	Unit of Payment for Outpatient Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁴ ? incentive payments.	Utilization Incentives in Contract: (check all that apply)	Comments
5	 X Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	
6	 X Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	
7	 x Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	
8	 X Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	

Additional Questions for Hospital Outpatient Services

1. List the five most common areas of quality and service incentives in your company's hospital outpatient contracts:

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

(These measures apply to our hospital contracts that combine inpatient and outpatient services.)

- i. Joint Commission measures (e.g., AMI, CHF, pneumonia)
- ii. Leapfrog measures (e.g., CPOD, ICU staffing)
- iii.Prevention of "Never Events"
- iv.Surgical infection rates
- v. Readmission rates

2. P	ercent of total paymen	nts to RI Hospitals for c	utpatient services in CY 2011	spent on qualit	y incentive pay	ments.	0.1~1%	
------	------------------------	---------------------------	-------------------------------	-----------------	-----------------	--------	--------	--

- 3. Percent of total payments to RI Hospitals for outpatient services in CY 2011 paid through units of service based on efficient resource use (i.e APC, Bundled Services or partial/global budgeting): ____n/a______
- 4. Estimated Payments in first six months of CY 2011 for Outpatient Services to Hospitals as % of what Medicare would have paid for similar set. of services: 222% (i.e. 122% over Medicare Reimbursement) (add comments or caveats)

For Outpatient Services, Tufts Health Plan has the technical capabilities to perform the required benchmarking analysis to Medicare; however, we have concerns about the confidence level in the accuracy of the supplied benchmark. Our concerns are due to a) the allowed reimbursement at a claim level was compared to fee information obtained from OPPS and CMS ancillary schedules such as Clinical Lab, DME etc.; b) we are not able to reprocess our claims through an OPPS Grouper and were limited to a line level reprice based on OPPS/Ancillary fees which means that exact Medicare reimbursement can only be approximated; c) Procedures that do not have a fee on OPPS/Ancillary schedules, or are billed in a different manner to Medicare (e.g., observation) were dropped from the analysis.

Additionally, Tufts Health Plan has concerns that the results may be skewed due to a few high-volume hospitals and the large number of providers reimbursed on a percent of charges basis – factors that may distort the data due to particular mix of services and chargemaster levels of PAF providers. Based on the concerns listed above it is our belief that a Medicare comparison might not result in a benchmark that is useful and could lead to unintended and/or misinterpreted conclusions that if made public could impact certain contract negotiations by putting upward pressure on unit costs.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Other Comments on Quality/Efficiency Incentives in Hospital Outpatient Contracting:

Part 3: Professional Groups

- "Professional Groups" is defined as non institutional/non facility groups with a valid contract and a single tax id number.
- Please provide information for the top 10 groups (measured by \$ paid in 2011), filling in one row per group (10 rows in the table total).

Group	Specialty Type	Unit of Payment for Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁶ ?	Utilization Incentives in Contract: (check all that apply)	Comments
1	Multi- specialty	x Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 7	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
2	Multi- specialty	_X_ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction use of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
3	Multi- specialty	_ X _ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code	No If yes - % of total payments for inpatient services in CY 2011 spent	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care	

⁶ Examples include supplemental payments beyond base fees for EMR adoption, structural changes, accreditation, process measures or patient satisfaction.

⁷ % for Incentive Payments plus % for Services = 100%. Incentive payments not specified for inpatient or outpatient should be classified as inpatient.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System State of Rhode Island Office of the Health Insurance Commissioner

> 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920-4407 (401) 462-9640 (401) 462-9645 (Fax)

Group	Specialty Type	Unit of Payment for Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁶ ?	Utilization Incentives in Contract: (check all that apply)	Comments
		Full/ Partial Capitation Other (please specify)	on quality incentive payments	use of pharmacy services Others (please specify)	
4	Sub - Specialty	_X_ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
5	Primary Care	_ X _ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. ———	Visit/Volume Reduction use of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
6	Primary Care	_X_Procedure-based methodology – using CPT, plan, provider or other codingAPC Code _Full/ Partial Capitation _Other (please specify)	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0~5%	 X Visit/Volume Reduction use of ancillary/referred services use of diagnostic tests overall efficiency of care x use of pharmacy services x Others (please specify) 	Quality/Member Satisfaction
7	Sub - Specialty	_ X _ Procedure-based methodology – using CPT, plan,	No	Visit/Volume Reductionuse of ancillary/referred services	

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Group	Specialty Type	Unit of Payment for Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁶ ?	Utilization Incentives in Contract: (check all that apply)	Comments
		provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
8	Sub - Specialty	_X_Procedure-based methodology – using CPT, plan, provider or other codingAPC CodeFull/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
9	Multi- specialty	_X_ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred servicesuse of diagnostic testsoverall efficiency of careuse of pharmacy servicesOthers (please specify)	
10	Multi- specialty	_X_Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Additional Questions for Professional Groups

- 1. List the five most common areas of quality and service incentives in your company's professional group contracts:
 - i. HEDIS (diabetes, breast cancer screening, colonoscopy, etc.)
 - ii. HCHAPS
 - iii. EMR adoption
 - iv. Inpatient and ER use
 - v. Rx Management
- 2. Percent of total payments to these ten professional groups in CY 2011 spent on quality incentive payments. ___<1%____
- 3. Percent of total payments to these ten professional groups in CY 2011 paid through units of service based on efficient resource use (i.e APC, Bundled Services or partial/global budgeting): ___n/a
- 4. Estimated Payments in first six months of CY 2011 for Professional Group Services as % of what Medicare would have paid for similar set. of services: 122% (i.e. 22% over Medicare Reimbursement) (add comments or caveats)

The analysis was conducted using a claim line level comparison between allowed reimbursement and Medicare fee information obtained from RBRVS tables as well as Medicare ancillary schedules such as clinical lab, DME etc. Anesthesia services were also included. Procedures that Medicare does not reimburse but supplies RVU information for, such as preventive medicine and consults codes, are included at the RVU level rate for the Medicare comparison. Claims lines that do not have RBRVS/Ancillary schedule information were dropped from the analysis.

Additionally, Tufts Health Plan has concerns that the results may be skewed due to particular mix of services for providers. Based on the concerns listed above it is our belief that a Medicare comparison might not result in a benchmark that is useful and could lead to unintended and/or misinterpreted conclusions that if made public could impact certain contract negotiations by putting upward pressure on unit costs.

Other Comments on Quality/Efficiency Incentives in Professional Group Contracting:

Selected Contract Sections Showing Compliance To OHIC Conditions

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Effective for dates of service on or after January 1, 2011

Office of the Health Insurance Commissioner Conditions

<u>Pay-For-Performance:</u> [Redacted] is available for the Hospital to earn based upon quality and/or efficiency measures [redacted].

<u>Case Rates:</u> In the event [redacted] parties agree to meet to discuss the potential to transition to efficiency based payment methodologies (e.g., DRG, APC) in a manner that [redacted].

<u>Administrative Efficiency:</u> Tufts Health Plan agrees to assign a Contract Specialist to provide ongoing contract related support through the term of the agreement to help mitigate contract related issues.

The Hospital agrees to work with and communicate issues to the Contract Specialist on an ongoing basis and work in good faith to resolve contract related issues in a timely manner.

<u>Communication</u>: During calendar year 2011 parties agree to formalize clinical communication that promotes and measures improved clinical communications between the hospital and each patient/member's designated primary care physician, specialist physicians, long term care facility, or other providers.

<u>Public Release of Contract Terms:</u> Parties agree to allow the public release of terms outlined in this agreement if compelled by State regulatory authorities.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System
State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

1. Please provide an excel spreadsheet in the following format, detailing the 2011 actual and 2013 requested small and large group administrative costs pmpm, allocated among the NAIC- financial statement administrative cost categories. Please explain any significant changes from the financial filing for 2011 (increases/decreases of more than five percent in a particular category).

	2011 Actual (fr	om filed financial					
RI Insured PPO	state	ements)	2013 P	roposed	% Change		
						Large	
	Small Group	Large Group	Small Group	Large Group	Small Group	Group	
Total Estimated Member							
Months	6,778	28,008	5,732	26,480	-15.4%	-5.5%	
Total Estimated Premiums							
(\$pmpm)	\$382.46	\$404.51	\$425.43	\$449.88	11.2%	11.2%	
Total General Administrative							
Expense	\$37.84	\$37.94	\$45.37	\$43.14	19.9%	13.7%	
Total Cost Containment							
Expense	\$10.43	\$9.64	\$11.73	\$11.73	12.5%	21.7%	
Total Other Claim Adjustment Expense (\$pmpm)	\$7.99	\$7.38	\$8.98	\$8.98	12.5%	21.7%	
Breakdown of General Adminis	trative Expense	(\$pmpm)					
 a. Payroll and benefits 	\$2.94	\$2.72	\$3.31	\$3.31	12.5%	21.7%	
 b. Outsourced Services (EDP, 							
claims etc.)	\$0.09	\$0.09	\$0.10	\$0.10	12.5%	21.7%	
c. Auditing and consulting	\$8.02	\$7.42	\$9.03	\$9.03	12.5%	21.7%	
d. Commissions	\$13.32	\$14.30	\$14.35	\$12.12	7.7%	-15.2%	
e. Marketing and Advertising	\$1.76	\$1.63	\$1.98	\$1.98	12.5%	21.7%	
f. Legal Expenses	\$0.17	\$0.16	\$0.19	\$0.19	12.5%	21.7%	
g. Taxes, Licenses and Fees	\$8.72	\$9.22	\$13.43	\$13.43	54.0%	45.6%	
h. Reimbursements by					0.00/	0.00	
Uninsured Plans	\$0.00	\$0.00	\$0.00	\$0.00	0.0%	0.0%	
i. Other Admin Expenses	\$2.82	\$2.42	\$2.99	\$2.99	6.1%	23.6%	

Notes

- 1. The expense in any given administrative category may vary from year to year due to the small size of Tufts Health Plan's PPO block of business in Rhode Island. In aggregate, however, total admin has increased less than about 3% per year
- 2. Please also provide an excel spreadsheet in the following format; detailing actual calendar year 2007-2011 fully insured commercial administrative costs, in accordance with the following table. This should be consistent with the annual statement filings to OHIC for administrative costs, providing additional detail on the components of administrative costs using the categories defined by NAIC financial statement and as allocated to commercially insured business only. Specifically, the information provided should agree with the "Exhibit of Premiums, Enrollment and Utilization" and the "Analysis of Operations by Line of Business" schedules included in the Annual Statements on file with OHIC. Where there are variance, a reconciliation and explanation should be provided.

Fully Insured Commercial Administrative Cost History

RI Insured PPO	2007	2008	2009	2010	2011
Total Premiums			12,373,810	17,393,107	13,921,729
Total General Administrative					
Expense			1,929,424	1,887,787	1,319,190
General Admin Exp. Ratio			15.6%	10.9%	9.5%
Total Fully Insured Member					
Months			33,738	45,416	34,786
General Administrative					
Expense (\$pmpm)			\$57.19	\$41.57	\$37.92
Breakdown of General Administ	rative Expense	(\$pmpm)			
 a. Payroll and benefits 			\$3.37	\$2.49	\$2.76
 b. Outsourced Services (EDP, 					
claims etc.)			\$0.01	\$0.01	\$0.09
 c. Auditing and consulting 			\$5.92	\$4.93	\$7.54
d. Commissions			\$18.10	\$16.49	\$14.11
e. Marketing and Advertising			\$2.52	\$1.72	\$1.66
f. Legal Expenses			\$0.08	\$0.11	\$0.16
g. Taxes, Licenses and Fees			\$7.34	\$8.74	\$9.12
h. Reimbursements by			ψ1.04	ψ0.7 -	ψ0.12
Uninsured Plans			\$0.00	\$0.00	\$0.00
i. Other Admin Expenses			\$19.85	\$7.09	\$2.50
,					·
Cost Containment Expense			179,767	385,924	340,764
Other Claim Adjustment					
Expense			236,579	369,709	260,894
Total Self Insured Member					
Months for all Affiliated			1		
Companies doing business in			1		
RI			113,694	0	662

RI Insured PPO

- 3. At the request of OHIC's Health Insurance Advisory Council, please provide brief answers to the following questions
- In general and net of new taxes and fees, why should the rate of increase in Health Plan administrative costs exceed the general inflation rate?

Administrative expenses in total in a given year are adjusted for inflation, membership growth or loss and increases or decreases in corporate projects, which are often driven by regulatory requirements and government mandates. As a general practice, to set administrative expense targets for the annual financial plan, fixed administrative costs are grown at an inflationary rate. Variable administrative costs are then developed by applying inflation to the variable pmpm rate and then multiplying the inflated pmpm rate by planned member months. While those are the initial steps to develop targets, each administrative function is reviewed in detail to identify potential administrative cost savings and targets are adjusted accordingly.

• What percentage of administrative costs does your organization consider fixed for the next five years? Provide detail by expense categories.

For the total company, we currently consider 58% of our costs fixed as follows:

Fixed Administrative Costs by Category:	
Network Management	2%
Sales and Marketing	4%
Clinical Services	5%
Operations	5%
IT & Business Effectiveness	8%
Corporate Projects	14%
Fixed Overhead and Other	<u>20%</u>
Total Fixed Administrative Expenses	58%

• What administrative services are used by fully insured members that are not used by self-insured clients (e.g. broker commissions) and what are the estimated total costs (\$pmpm) for those services?

Administrative costs for fully insured membership include expenses associated with medical cost containment (\$9.80 pmpm), whereas in most cases self-insured clients bear these costs directly. Broker commissions (\$14.11 pmpm) are also not applicable to most self-insured clients.

 What does your plan use as its pmpm benchmarks or price points for commercial insurance administrative costs and why? We periodically participate in the benchmarking survey used to develop the *Sherlock Expense Evaluation Reports* (SEER) which are viewed as the definitive benchmarks for the functional areas of health plan administration. The Sherlock Expense Evaluation Reports (SEER) supply comprehensive and highly granular financial and operational metrics.



Health System Improvements Survey

The State of Rhode Island Office of the Health Insurance Commissioner Regulation 2 lists standards to be used by the Health Insurance Commissioner (Commissioner) for the assessment of the conduct of commercial health insurance issuers in Rhode Island for their efforts aimed at improving the efficiency and quality of health care delivery and increasing access to health care services. The standards include the following issuer activities:

- 1. Directing resources, including financial contributions, toward system-wide improvements in the state's health care system related to quality, access and efficiency, including providing support to local collaboratives, organizations, and initiatives that promote these three goals
- 2. Participating in the development and implementation of public policy issues related to health

To assist the Commissioner in this assessment, as part of the 2012 small and large employer group rate factor review process for commercial health insurance issuers in Rhode Island, please itemize and quantify your organization's contributions of finances and other material assets to these efforts in Rhode Island in calendar year 2011 in the following table.¹

System-wide Improvement Activity	Brief Description of Activity and How it Promotes Health Care System Quality, Access or Efficiency	Value of 2011 Issuer Contributions
Funding	Grants provided by the Tufts Health Plan Foundation and Community Relations to the following RI organizations to support wellness and safety initiatives	\$515,724
	 Best Buddies International Best Buddies Intergenerational College Project Grant Amount: \$20,000 Mount St. Rita Health Centre Blessings in a Back Pack Grant Amount: \$5,000 	
	Blessings in a Back Pack	

¹ The contributions can be to any entity other than a provider to improve medical and prevention services for all Rhode Islanders and to promote a coherent, integrated, and efficient statewide health care system.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920-4407 (401) 462-9640 (401) 462-9645 (Fax) www.ohic.ri.gov

System-wide Improvement Activity	Brief Description of Activity and How it Promotes Health Care System Quality, Access or Efficiency	Value of 2011 Issuer Contributions
	Bethany Home Cares Grant Amount: \$43,036 • Homefront Health Care HIP-SAFE (Homefront Intervention to Prevent Slips & Falls in Elders) Grant Amount: \$59,438 • Rhode Island Free Clinic Inc. Healthy Lifestyles for Today and Tomorrow Grant Amount: \$60,000 • The Providence Center InShape Seniors Grant Amount: \$42,000 • Ocean State Center for Independent Living (OSCIL) Home Sweet Accessible Home Grant Amount: \$40,000 • Westbay Community Action Inc. Elder Safety Grant Amount: \$42,000 • Rhode Island Quality Institute Health Information Exchange Support Grant Amount: \$25,000 • EMR Payments \$179,250	
Participation in RI initiatives, programs and organizations	The goals of these programs, initiatives and organizations is to improve quality and/or transform primary care in the state: • CSI/Beacon (Project director, project manager, and nurse case manager support) \$38,329 • Value of Resource Time in Various Programs (Estimate of \$30,000 for 0.2 FTE for 2011) • RI DOH Medical Director meetings • RI Quality Partners Safe Transitions • RI Senate Commission on Hospital Payment Reform • RIQI Board of Directors • RI CSI Beacon Executive Committee	\$68,329

Thank you for your cooperation.

Tufts Insurance Company

Small Group Rate Filing -- Effective Date January 1, 2013

Part 1. Historical Information

Experience Period for Developing Rates

From 01/01/2009 12/31/2011

Utilization/Experience Data by Quarter (Last 12 Available Quarters)

								Incurred						Other				
					Incurred			Claims	Incurred			Quality	Other Cost	Claim	Other	Investment		
			Member	Earned	Claims	Incurred	Incurred Claims	Primary	Claims Other	Incurred		Improveme	Containmen	Adjustment	Operating	Income	Commission	Contribution
Quarter	End Date	IP Days	Months	Premium	Total	Claims IP	<u>OP</u>	Care	M/S	Claims Rx	Loss Ratio	nt Expense*	t Expense*	Expense*	Expense*	Credit	<u>s</u>	to Reserves
1 (Oldest)	03/31/2009	76	1,102	\$405,221	\$701,562	\$468,348	\$61,421	\$23,191	\$111,445	\$37,158	175.4%	\$9,009	\$4,958	\$6,486	\$37,439	N/A	\$23,873	(\$378,107)
2	06/30/2009	132	3,007	\$1,042,273	\$1,331,406	\$573,675	\$187,236	\$57,272	\$406,296	\$106,926	130.1%	\$24,583	\$13,529	\$17,698	\$102,160	N/A	\$65,141	(\$512,244)
3	09/30/2009	36	3,800	\$1,293,844	\$959,092	\$138,405	\$306,968	\$78,223	\$302,586	\$132,911	76.5%	\$31,066	\$17,096	\$22,365	\$129,101	N/A	\$82,319	\$52,803
4	12/31/2009	139	4,217	\$1,447,488	\$1,190,529	\$296,776	\$260,194	\$86,067	\$392,450	\$155,042	84.7%	\$34,917	\$19,215	\$25,137	\$144,679	N/A	\$92,523	(\$59,511)
5	03/31/2010	21	3,760	\$1,268,976	\$849,611	\$81,861	\$247,686	\$75,560	\$304,262	\$140,242	69.3%	\$29,734	\$14,111	\$18,460	\$104,600	N/A	\$74,460	\$177,999
6	06/30/2010	28	2,719	\$939,442	\$760,321	\$179,215	\$171,752	\$60,517	\$242,771	\$106,065	83.2%	\$21,554	\$10,229	\$13,382	\$75,765	N/A	\$53,974	\$4,217
7	09/30/2010	17	2,411	\$860,083	\$608,511	\$54,219	\$183,883	\$57,653	\$220,731	\$92,024	73.0%	\$19,020	\$9,027	\$11,808	\$66,961	N/A	\$47,629	\$97,127
8	12/31/2010	48	2,255	\$824,757	\$770,902	\$162,112	\$182,154	\$57,529	\$247,289	\$121,818	95.6%	\$17,823	\$8,459	\$11,066	\$62,710	N/A	\$44,633	(\$90,836)
9	03/31/2011	49	1,940	\$720,955	\$798,139	\$190,611	\$203,824	\$50,202	\$243,663	\$109,840	112.6%	\$13,829	\$8,688	\$10,627	\$51,199	N/A	\$26,167	(\$187,695)
10	06/30/2011	13	1,781	\$671,036	\$426,035	\$25,535	\$112,155	\$39,990	\$161,042	\$87,312	65.4%	\$12,695	\$7,976	\$9,756	\$47,003	N/A	\$24,022	\$143,548
11	09/30/2011	63	1,540	\$604,262	\$658,934	\$178,642	\$175,090	\$35,358	\$190,531	\$79,314	110.9%	\$10,977	\$6,896	\$8,436	\$40,643	N/A	\$20,772	(\$142,397)
12	12/31/2011	42	1,433	\$573,713	\$402,302	\$21,777	\$111,229	\$37,188	\$161,666	\$70,442	71.9%	\$10,215	\$6,417	\$7,850	\$37,819	N/A	\$19,329	\$89,781

^{*} These categories should conform generally to the reporting in the NAIC statement Underwriting & Investment Exhibit Part 3- Analysis of Expenses and/or to the Supplemental Health Care Exhibit, Lines 6.3 and 8.1 If any of the historical information reported is different from that period as reported in the prior rate filing, please provide a reconciliation and explanation showing the amount of each element of difference.

- 1. The Other Operating Expenses shown above include taxes, licenses and fees, which were excluded in previous fillings for the same time periods
- 2. Primary care claims definition has been revised to match the Primary Care Spend report
- 3. Expenses such as network access fee, COB and claims interest are moved from Other M/S claims to administrative expenses according to NAIC definition
- 4. Claims Total differences from the previous filings for the same time periods are due to updated IBNR factors that reflect more up to date claims payment, as well as the revision to the Other M/S claims definition 5. Loss ratio is calculated as (Incurred Claims Total + Quality Improvement Expense) / Earned Premium

A. 2013 Trend Factors for Projection Purposes (Annualized)

Total	
Price Only	
Utilization	
Other**	
Other**	
Other**	

Part 2. Prospective Information

<u>IP</u>	<u>OP</u>	Primary Care	Other M/S	<u>Rx</u>	Weighted Total
5.2%	6.7%	5.4%	4.7%	4.7%	5.4%
3.6%	3.4%	3.3%	1.8%	0.8%	2.6%
1.5%	3.2%	2.0%	2.9%	3.9%	2.8%
	-				•
20.4%	26.5%	9.4%	26.3%	17.4%	100%

Weights

** All elements should add or compound to the total. If anything is to be reported as "Other" please provide a description.

2012 Trend Factors for Projection Purposes (Annualized)

					Autism		
	<u>IP</u>	<u>OP</u>	Primary Care	Other M/S	Mandate	Rx	Neighted Tot
Total	5.9%	7.6%	6.4%	4.8%	0.2%	0.3%	5.3%
Price Only	3.6%	3.7%	4.1%	1.3%		-3.6%	1.9%
Utilization	2.2%	3.8%	2.2%	3.5%		4.0%	3.3%
Other**							
Other**							
Other**							
<u> </u>		•				-	•
Weights	20.2%	24.7%	8.4%	29.3%		17.4%	100%

^{**} All elements should add or compound to the total. If anything is to be reported as "Other" please provide a description.

B. The following items for the period to which the rate filing applies, by quarter:

5.500% 7.0000% ########

	D. atauta	Average %	Expected	Expected	Improvem ent	Other Cost Containme	Other Claim	Other Operating	Average	Investment	
	Beginning	Rate	Pure Medical	Contribution to	Expense	nt Expense	<u>Adjustment</u>	Expense	Commissions	Income	Premium
Quarter	<u>Date</u>	Increase	Cost Ratio	Reserves %	<u>%*</u>	<u>%*</u>	Expense %*	<u>%*</u>	<u>%*</u>	Credit %	Tax %
1	01/01/2013	6.1%	85.9%	0.0%	1.6%	1.1%	1.4%	4.5%	3.2%	0.0%	2.3%
2	04/01/2013	5.8%	85.9%	0.0%	1.6%	1.1%	1.4%	4.5%	3.2%	0.0%	2.3%

Quality

3	07/01/2013	5.9%	85.9%	0.0%	1.6%	1.1%	1.4%	4.5%	3.2%	0.0%	2.3%
4	10/01/2013	6.1%	85.9%	0.0%	1.6%	1.1%	1.4%	4.5%	3.2%	0.0%	2.3%
Weighted	Average	6.0%	85.9%	0.0%	1.6%	1.1%	1.4%	4.5%	3.2%	0.0%	2.3%

					Quality						
					<u>Improvem</u>	Other Cost		Other			
		Average %	Expected	Expected	ent	Containme	Other Claim	Operating	Average	Investment	
	Beginning	Rate	Pure Medical	Contribution to	Expense	nt Expense	Adjustment	Expense	Commissions	Income	Premium
Quarter	Date	Increase	Cost Ratio	Reserves %	<u>%*</u>	<u>%*</u>	Expense %*	<u>%*</u>	<u>%*</u>	Credit %	Tax %
1	01/01/2012	3.4%	86.5%	0.0%	1.1%	0.8%	1.1%	5.0%	3.2%	0.0%	2.3%
2	04/01/2012	3.0%	86.5%	0.0%	1.1%	0.8%	1.1%	5.0%	3.2%	0.0%	2.3%
3	07/01/2012	4.0%	86.5%	0.0%	1.1%	0.8%	1.1%	5.0%	3.2%	0.0%	2.3%
4	10/01/2012	6.6%	86.5%	0.0%	1.1%	0.8%	1.1%	5.0%	3.2%	0.0%	2.3%
Weighted	Average	4.2%	86.5%	0.0%	1.1%	0.8%	1.1%	5.0%	3.2%	0.0%	2.3%

^{*} These categories should conform generally to the reporting in the NAIC statement Underwriting & Investment Exhibit Part 3 - Analysis of Expenses and to the Supplemental Health Care Exhibit, Lines 6.3 and 8.1 The sum of the expenses, commissions, contributions to reserves, investment income credit, taxes and the medical loss ratio should be 100%.

C. Average Rate Increase Components

The following items should reconcile to the Weighted Average Percent Rate Increase for the year:

	Price	Utilization, Mix	Total
Hospital Inpatient Price	0.6%	0.3%	0.9%
Hospital Outpatient	0.8%	0.7%	1.5%
Primary Care	0.3%	0.2%	0.4%
Med/Surg Other Than Primary Care	0.4%	0.6%	1.0%
Pharmacy	0.1%	0.6%	0.7%
Administrative Expense (Aggregated)			0.6%
Contribution to Reserves			0.0%
Taxes and Assessments			0.2%
Legally Mandated Changes			0.0%
Prior Period Adjustment (+/-)			0.6%
Total			6.0%

Note

Part 3. Retrospective Reconciliation of Experience with Filed Factors

			Filed Data ¹			PMPN	I Increase ²	Standard	Plan PMPM ³	Standard Pla	an Increase4	Appr	oved	Loss	Ratio
<u>Year</u>	Member Months	Earned Premium	Incurred Claims Total	Premium PMPM	Claims PMPM	Premium	<u>Claims</u>	Premium	<u>Claims</u>	Premium	Claims	Trend Increase%	Contrib to Reserves%	Actual%	Filed%
2009	12,126	4,188,825	4,282,166	\$345.44	\$353.14			376.24	576.75			9.7%	0%	102.2%	87.0%
2010	11,145	3,893,259	3,077,477	\$349.33	\$276.13	1.1%	-21.8%	354.15	284.33	-5.9%	-50.7%	9.5%	0%	79.0%	87.0%
2011	6,694	2,569,965	2,333,127	\$383.92	\$348.54	9.9%	26.2%	327.93	784.15	-7.4%	175.8%	9.2%	0%	90.8%	87.6%

¹ Corresponds to historical Information data in Part 1 above

Note

Due to the lack of credible experience, manual rates are developed by trending forward prior base rates to reflect trend changes. Therefore, depending on the timing of trend change, rate increases may be different from trend increase. The difference is reflected as Prior Period Adjustment above.

² Percent increase compared to prior year

³ For most commonly held plan of benefits in 2010 and for the same plan of benefits in 2011

⁴ Percent increase compared to prior year

^{1.} Filed loss ratio for CY 2011 is the sum of the expected pure medical cost ratio and expected quality improvement expenses % in 2011 rate factor filing

Rhode Island Health Statement Supplement

Cover Sheet

Tufts Associated Health Maintenance Organizations & Tufts Company Name

Insurance Company

Enter NAIC# 95688 & 60177 **Reporting Year** 2011

Enter DBR registration # (TPAs)



OFFICE OF THE **HEALTH INSURANCE COMMISSIONER**

STATE OF RHODE ISLAND

Office of the Health Insurance Commissioner 1511 Pontiac Ave, Building #69 first floor Cranston, RI 02920 (401) 462-9517 (401) 462-9645 (fax) HealthInsInquiry@ohic.ri.gov

			- 1	1		2	^		-	-				7	0			10		11	
		1	1				3		4	5		6			8	9		10		11	
							1														
	Line of Business Exhibit																				
	Lille of Busiliess Exhibit						Stop loss/ I	Evenee										ther Medical No	n-		
Field		Compreh	nensive/Major me	edical	A	SO/TPA	loss/Reins		Medicare Part C	Medicare F	Part D	Medicare Supple	ement Policies Medic	raid/Other nublic	Student blank	et Dental		Comprehensive		cross all lines of b	usiness)
11010			Non-RI	All					RI Non-RI All			RI Non-			RI Non-RI					Non-RI	All
1 1	Membership Data																				
	Number of Polices or Certificates	197		197	1		1			91	91	3 -	3			_			- 292		202
	Number of Covered Lives	3,936	737	4,673	299	29	328			91	91		5						- 4,331		5,097
1	Member Months	48,618	8,909	57,527	603		662			1,062	1,062		60			-			- 50,343		59,311
-	Number of Polices or Certificates (Plans with PD benefits)	197	-	197	1	-	1			91 -	91							-	- 292		292
	Number of Covered Lives (Plans with PD benefits)	3,936	737	4,673	299	29	328			91 -	91		5 -					-	- 4,331		5,097
	Member Months (Plans with PD benefits)	48,618	8,909	57.527	603			-		1,062 -								-	- 50.343		59,311
	· · · · · · · · · · · · · · · · · · ·								1 1			1									
	Premiums/Claims																				
2	Premium	19,382,569	3.553.785	22.936.354	162.614	18,088 180,	702	- 1		146,221	146,221	23,160 -	23,160			-	- 1		- 19.714.564	3,571,873	23,286,437
	Claims/Medical Expenses	17,496,249	3,228,233	20,724,482	139,151	15,072 154,	222	-	-	405,690	405,690	20,052 -	20,052	-		-	-		- 18,061,142	3,243,305	21,304,446
	·																				
	Inpatient Facility																				
	Hospital																				
	1 In-state	3,158,748	206,043	3,364,791	17,550	- 17,	550	-	-		-		-	-		-	-		- 3,176,298	206,043	3,382,341
	2 Out-of-state	540,726	359,998	900,724	-	-	-	-	-		1		-	-		- 1	-		- 540,726		900,724
	3 Total (Lines 1 + 2)	3,699,474	566,041	4,265,515	17,550	- 17,	550	-							-			-	- 3,717,024	566,041	4,283,065
	SNF																				
3	4 In-state	33,154	5,624	38,778	-	-	-		-		-		-	-		- 1	-		- 33,154	5,624	38,778
"	5 Out-of-state	-	-	-	-	-	-		-		1		-	-		- 1	-			-	-
	6 Total (Lines 4 + 5)	33,154	5,624	38,778	-	-		-			1 -					- - -		-	- 33,154	5,624	38,778
	Other																				
	7 In-state	1,167	-	1,167	-	-	-	-	-		-		-	-		-	-		- 1,167	-	1,167
	8 Out-of-state	-	12,761	12,761	-	-	-	-	-		-		-	-		-	-			12,761	12,761
	9 Total (Lines 7 + 8)	1,167	12,761	13,928	-	-		-			-							-	- 1,167	12,761	13,928
1	0 Total Inpatient Facility (Lines 3 + 6 + 9)	3,733,795	584,427	4,318,222	17,550	- 17,	550	-			-							-	- 3,751,345	584,427	4,335,772
	•																				
	Outpatient Facility																				
	Hospital																				
	1 In-state	3,352,396	210,704	3,563,100		916 23,		-	-		-	1,633 -	1,633	-		-	-		- 3,376,704		3,588,324
1	2 Out-of-state	317,396	538,951	856,347	1,088		922	-	-		-		-	-		-	-		- 318,484		859,269
	3 Total (Lines 11 + 12)	3,669,791	749,655	4,419,447	23,763	2,749 26,	512	-			-	1,633 -	1,633 -					-	- 3,695,188	752,404	4,447,593
	SNF																				
	4 In-state	-	-	-	-	-	-	-	-		-		-	-		-	-		-	-	-
	5 Out-of-state	-	-	-	-	-	-	-	-		-		-	-		-	-		-	-	-
4	6 Total (Lines 14 + 15)	-	-	-	-	-		-			-							-	-	-	-
	Freestanding Ambulatory Care Facility																				
	7 In-state 8 Out-of-state	747,250	53,967	801,218			893	-	-		-			-		-	-		- 749,143		803,110
		168,850	101,890	270,740	-		631	-	-		-			-		-	-		- 168,850		275,371
	9 Total (Lines 17 +18)	916,100	155,858	1,071,958	1,893	4,631 6,	524	-			-							-	- 917,993	160,489	1,078,482
	Other	700 100		710 170			100				1	0.0	0.0								710.000
	20 In-state	728,426	17,731	746,156	2,074		189	-	-		-	310 -	310			-			- 730,809	17,845	748,655
		146,342	140,799	287,140			314	-			-	47 -				-			- 147,334 - 878 143		288,501
	Total (Lines 20 + 21) 3 Total Outpatient Facility (Lines 13 + 16 + 19 + 22)	874,767 5,460,659	158,529 1.064.042	1,033,296	3,019	484 3,: 7.864 36.:	503				-	357 - 1,990 -	357 - 1.990 -						 878,143 5,491,325 	159,013	1,037,156 6.563.231
4	10tal Outpatient Facility (Lines 13 + 16 + 19 + 22)	5,460,659	1,004,042	0,324,701	20,070	7,004 30,	559				-	1,990 -	1,990 -					-	- 5,491,323	1,071,906	0,303,231
	Primary Care																				
5	24 Total Primary Care	1,115,436	219,726	1,335,162	15 201	842 16,	042	1			_	679 -	679						- 1,131,316	220,567	1,351,883
4	T TOTAL T TIMALY CALC	1,110,430	213,120	1,335,102	10,201	042 16,	UTU			 		0/9	0/9			- 1			- 1,131,316	220,001	1,301,003
	Pharmacy																				
6	25 Total Pharmacy	3,060,587	545,750	3 606 327	11 737	1,491 46,	227	1.1		405,690	405 600	10,316 -	10,316						- 3,521,330	547,241	4,068,570
	Total Final macy	3,000,307	343,730	3,000,337	44,131	1,431 40,	LL1			+00,000	400,090	10,510	10,310	1 -		- 1 1			3,321,330	J41,241	+,000,570
	Medical/Surgical other than primary care																				
-	Medical/Surgical other than primary care	2.373.477	133,824	2.507.301	17.385	1.341 18.	706				_	E 254	E 254						- 2.396,216	135,165	2.531.381
7	26 In-state 27 Out-of-state	429,183	133,824 432,394	2,507,301 861,577	17,385		726 257	+		 	-	5,354 -		 		- -	+		- 2,396,216 - 429,625		2,531,381 863,834
	28 Total Other Medical/Surgical (Lines 26 + 27)	2,802,660	566,218	3,368,878		3,155 20,		-	_	1 _ 1	+ -	5,354	5,354 -				+:+		- 429,625		3,395,215
L 1 2	Total Other Medical/Surgical (Lines 26 + 27)	∠,0U∠,00U	300,218	3,308,878	17,828	3,100 20,		1 -	- - -	<u> </u>		5,354 -	5,354 -	- 1 -	<u> </u>	- 1 - 1 -	1 - 1 -		- ∠,8∠5,841	509,374	ა,აყნ,215
	All other payments to medical providers																				
8	29 Total	1,323,112	249.070	1 574 400	15 150	1.720 16.	990			1		1,714 -	1,714	1 1			1 - 1		- 1,339,986	240 700	1,589,776
	3 TOTAL	1,323,772	∠ 4 0,U/U	1,577,182	15,159	1,720 16,	DOV	-			-	1,/14	1,/14	-		-	1 - 1		- 1,339,986	249,790	1,509,776

_			1			2			3		4			5			6			7			8	
Market Exh	nibit (For Comprehensive/Major Medical Line of Business)	In	dividual			Small Group			Large Group		Associa	ion		Trust		Federal Emp	oloyee Hea	alth Benefit	Other	r Health Ma	arket	Total	'Across all mark	kets)
			Non-RI	All	RI	Non-RI	All	RI	Non-RI	All	RI Non-F		RI	Non-RI	All	RI	Non-RI	All		Non-RI		RI	Non-RI	A
Membership D	Dete.	IXI	NOII-IXI	ZSII	IM	11011-111	All	IXI	NOTETA	Zui	TO TOTAL	i Aii	181	Non-Itt	All	IXI	NOII-IXI	ZSII	IXI	NOII-IXI	All	IXI	INOTI-INI	
	Polices or Certificates				405		405	04		31												407		
		1	-			140	165	31	-			-			-			-			-	197 3.936	-	
	Covered Lives	1	-	1			842	3,233	597	3,830		-			-			-			-		737	
Member Mo		12	-	12		1,838	11,311	39,133	7,071	46,204		-			-			-			-	48,618	8,909	
	Polices or Certificates (Plans with PD benefits)	1	-			-	165	31	-	31				-	-	-	-	-	-	-	-	197	-	
	f Covered Lives (Plans with PD benefits) fonths (Plans with PD benefits)	1	-	10	702	140		3,233	597	3,830				-	-	-	-	-	-	-	-	3,936	737	
Member Mc	ionths (Plans with PD benefits)	12	-	12	9,473	1,838	11,311	39,133	7,071	46,204	-		-	-	-	-	-	-	-	-	-	48,618	8,909	
Premiums/Clai	aims																							
Premium		2,874		2,874		690,328		15,721,439	2,863,457	18,584,896		-			-						-	19,382,569	3,553,785	22
Claims/Med	edical Expenses	1,660	-	1,660	3,100,638	454,637	3,555,275	14,393,951	2,773,596	17,167,547					-			-			-	17,496,249	3,228,233	2
Inpatient Facili	lity																							
Hospital																								
1 In-state	e	-	-	-	441,217	49,217	490,434	2,717,530	156,826	2,874,356		-			-			-			-	3,158,748	206,043	3
2 Out-of-s	-state	-	-	-	52,816	12,154	64,969	487,911	347,844	835,755		-			-			-			-	540,726	359,998	
3 Total (I	Lines 1 + 2)	-	-	-	494.033	61,371	555,404	3,205,441	504,670	3,710,111	-		-	-	-	-	-	-	-	-	-	3,699,474	566,041	
SNF					.5 .,500	,	,	-,,	22.,270	**********				-								.,,	,- 11	
4 In-state	e	-	-	-	7,542	-	7,542	25,612	5,624	31,236		-			-			- 1			- 1	33,154	5,624	
5 Out-of-s		-	-	-	- 1,0	-	- 1,0		-	-		-			-			-			-	-		
	Lines 4 + 5)	-	-	-	7,542	-	7,542	25,612	5,624	31,236	-			-	-	-	-	-	-	-	-	33,154	5,624	
Other	·									,	-			•									-7-	
7 In-state	e	-	-	-	-	-	-	1,167	-	1,167		-			-			-			-	1,167	-	
8 Out-of-s	-state	-	-	-	-	-	-	-	12,761	12,761		-			-			-			-	-	12,761	
	Lines 7 + 8)	-	-	-	-	-	-	1,167	12,761	13,928	-		-	-	-	-	-	-	-	-	-	1,167	12,761	
	Facility (Lines 3 + 6 + 9)	-	-	-	501,575	61,371	562,946	3,232,220	523,056	3,755,276	-		-	-	-	-	-	-	-	-	-	3,733,795	584,427	
•											·		•											
Outpatient Fac	cility																							
Hospital																								
11 In-state	e	-	-	-	514,964	32,443	547,407	2,837,431	178,261	3,015,692		-			-			-			-	3,352,396	210,704	
12 Out-of-s	-state	-	-	-	117,047	54,151	171,198	200,349	484,800	685,149		-			-			-			-	317,396	538,951	
13 Total (L	Lines 11 + 12)	-	-	-	632,011	86,594	718,605	3,037,780	663,061	3,700,842	-		-	-	-	-	-	-	-	-	-	3,669,791	749,655	
SNF																								
SINI	e	-	-	-	-	-	-	-	-	-		-			-			-			-	-	-	
14 In-state	-state	-	-	-	-	-	-	-	-	-		-			-			-			-	-	-	
14 In-state 15 Out-of-s			-	-	-	-	-	-	-	-	-			-	-	-	-	,		-	-	-	-	
14 In-state 15 Out-of-s 16 Total (L	Lines 14 + 15)	-																						
14 In-state 15 Out-of-s 16 Total (L Freestanding Am	nbulatory Care Facility	-					165,515	586,997	48,705	635,702		-			-			-			-	747,250	53,967	
14 In-state 15 Out-of-s 16 Total (L Freestanding Am 17 In-state	nbulatory Care Facility e	-	-	-	160,253	5,262									-		_	-			-	168,850	101.890	
14	mbulatory Care Facility e -state		-	-	42,588	11,594	54,182	126,262	90,297	216,558		-												
14	nbulatory Care Facility e	-					54,182		90,297 139,002	216,558 852,260	-			-	-	-	-	-	-	-	-	916,100	155,858	
14	mbulatory Care Facility e -state	- - -	-	-	42,588 202,841	11,594	54,182 219,698	126,262 713,259	139,002	852,260	-			-	=	-	-	-	-	-	-	916,100	-	
14	nbulatory Care Facility e e state Lines 17 + 18)		-	1,420	42,588 202,841 109,081	11,594 16,856 7,179	54,182 219,698 116,260	126,262 713,259 617,925	139,002	852,260 628,476	-		-	-	-	-	-	-	-	-	-	916,100	17,731	
14	nbulatory Care Facility	1,420	-	1,420	42,588 202,841 109,081 15,956	11,594 16,856 7,179 30,833	54,182 219,698 116,260 46,788	126,262 713,259 617,925 130,386	139,002 10,551 109,966	852,260 628,476 240,352	-		-	-	-	-	-		-	-		916,100 728,426 146,342	17,731 140,799	
14 In-state 15 Out-of-s 16 Total (L Freestanding Am 17 In-state 18 Out-of-s 19 Total (L Other 20 In-state 21 Out-of-s 21 Total (L	nbulatory Care Facility e e state Lines 17 + 18)	- - - - 1,420	-	1,420	42,588 202,841 109,081 15,956 125,037	11,594 16,856 7,179 30,833 38,012	54,182 219,698 116,260 46,788 163,048	126,262 713,259 617,925	139,002	852,260 628,476			-	-	-	-	-	-	-	-	-	916,100	17,731	1 6

5	Primary Care 24 Total Primary Care	-	-	-	236,566	66,277	302,843	878,870	153,449	1,032,319			-			-		-		-	1,115,436	219,726	1,335,162
6	Pharmacy 25 Total Pharmacy			-	560,457	63,013	623,470	2,500,130	482,738	2,982,868			-			-		-		-	3,060,587	545,750	3,606,337
	Medical/Surgical other than primary care	107		107	500,447	25.883	526,330	1,872,922	107,942	1,980,864											2,373,477	122 024	2,507,301
7	27 Out-of-state 28 Total Other Medical/Surgical (Lines 26 + 27)	- 107	-	107	100,752 601,200	54,851 80,734	155,604 681,934	328,431 2,201,353	377,542 485,484	705,973 2,686,837	-	-	-	-	-	-	-		-		429,183 2,802,660	133,824 432,394 566,218	861,577 3,368,878
8	All other payments to medical providers	133	-	133	240,951	41,780	282,732	1,082,028	206,290	1,288,317			-			- 1		-		-	1,323,112	248,070	1,571,182

2012 Rate Review Process Areas of Medical Expense Variation

Introductory Remarks

The stated goal of this exercise is to improve OHIC's understanding of the drivers of rising medical spending in Rhode Island by comparing the experience of the issuer's Rhode Island member base to a benchmark. For the purposes of this analysis, we have used our 2011 fully insured MA HMO experience as the benchmark. However, given the size of Tufts Health Plan's membership base in Rhode Island, the results of this comparative analysis will have limited credibility. Our relative costs by area of care have changed significantly in Rhode Island from year to year and are expected to continue to be volatile as our population in this market grows. Although we have commented on the probable causes of each variation listed, these fundamentally reflect a small, immature market compared to a much larger, more mature benchmark and should be interpreted with caution.

1. The top five areas of care, based on per capita total dollar value positive variation from the benchmark

		PMPM	
	Total Excess	Excess	
Area of Care	Spending	Spending	Comments on Estimated Cause
INPATIENT ACUTE MED/SURG	\$1,339,638	\$23.29	Attributable to higher utilization (both admits and ALOS), rather than unit cost.
			High cost claimants identified as having a disproportionately large impact.
			The higher number of admits may be a consequence of lower than benchmark outpatient professional care.
PHARMACY - Rx MM	\$717,042	\$12.46	Attributable to higher utilization across tiers and therapeutic classes.
			Higher utilization driven by more members in RI having prescriptions filled than in the benchmark population, rather than a higher number
			of prescriptions per member.
OUTPATIENT LABORATORY	\$558,538	\$9.71	Capitation strategy applied in the benchmark population successfully contains cost.
OUTPATIENT INJECTIONS	\$425,609	\$7.40	Driven primarily by a difference in payment methodology between RI and the benchmark population. Injection claims in RI are reimbursed
			on a fee for service basis while in the benchmark population they are reimbursed on a fee for service basis or bundled into an outpatient
			surgery case payment. More than 50% of the higher RI utilization is associated with outpatient surgery claims, which would not be
			separately identified in the benchmark population.
OUTPATIENT EMERGENCY ROOM	\$406,508	\$7.07	Attributable primarily to a higher cost per emergency room encounter. This higher cost per encounter is driven less by higher unit cost in RI
			and more by the higher number of services delivered within an emergency room encounter compared to the benchmark.

2. The top five areas of care, based on the percent of positive variation in per capita spending from the benchmark

	Percent of	Total	
	Positive	Excess	
Area of Care	Variation	Spending	Comments on Estimated Cause
OUTPATIENT INJECTIONS	158%	\$425,609	Driven primarily by a difference in payment methodology as described above.
FREE STANDING HIGH COST RADIOLOGY	124%	\$130,764	Higher utilization of allied health facilities, along with lower Outpatient Hospital High Cost Radiology utilization, reflects appropriate re-
(MRI, PET, CT)			direction of care to lower cost providers.
OUTPATIENT LABORATORY	96%	\$558,538	Capitation strategy applied in the benchmark population successfully contains cost.
INPATIENT OTHER	74%	\$117,886	Driven by Mental Health/Substance Abuse services. Capitation strategy for inpatient Mental Health/Substance Abuse within the benchmark
			population effective at containing costs.
OUTPATIENT EMERGENCY ROOM	63%	\$406,508	Attributable primarily to the number of services delivered within an emergency room encounter, as described above.



Provider Contracting Practices and Hospital Contracting Conditions Verification Questionnaire

Background

The Health Insurance Advisory Council (HIAC) to the State of Rhode Island Office of the Health Insurance Commissioner (OHIC) has promulgated Affordability Standards for commercial health insurance issuers in Rhode Island.

Health plans will improve the affordability of health care in Rhode Island by focusing their efforts upon provider payment reform, beginning with primary care. Achievement of this goal will not add to overall medical spend in the short-term, and is expected to produce savings thereafter. Specific areas of focus in support of this goal are as follows:

- 1. Expand and improve the primary care infrastructure in the state—with limitations on ability to pass on cost in premiums
- 2. Spread Adoption of the "Chronic Care Model" Medical Home
- 3. Standardize electronic medical record (EMR) incentives
- 4. Work toward comprehensive payment reform across the delivery system

To support standard four, OHIC has previously issued six conditions for issuer contracts with hospitals in Rhode Island, to be implemented by issuers upon contract execution, renewal, or extension. These are as follows:

- 1. Utilize unit of service payment methodologies for both inpatient and hospital outpatient services that realign payment to provide incentives for efficient use of health services, and are derived from nationally utilized payment practices other than fee for service.
- 2. Limit average annual effective rates of price increase for both inpatient and outpatient services to a weighted amount equal to or less than the Centers for Medicare and Medicaid Services (CMS) National Prospective Payment System Hospital Input Price Index ("Index"), for all contractual and optional years covered by the contract
- 3. Provide the opportunity for hospitals to increase their total annual revenue for

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

commercially insured enrollment under the contract by at least additional two percentage points over the previous contract year by improving or attaining mutually agreed-to performance levels for no less than three nationally-accepted clinical quality, service quality or efficiency-based measures.

- 4. Include terms that define the parties' mutual obligations for greater administrative efficiencies
- 5. Include terms that promote and measure improved clinical communications between the hospital and each patient/member's designated primary care physician, specialist physicians, long term care facility, or other providers.
- 6. Include terms that explicitly relinquish the right of either party to contest the public release of the any and all of these five specific terms by state officials or the participating parties to the agreement.

The purpose of this questionnaire is to assess compliance with standard four of the Affordability Standards and to consider the responses in connection with OHIC's 2012 small and large employer group rate factor review process for commercial health insurance issuers in Rhode Island.

Directions

- 1. Please fill out all parts of questionnaire.
- 2. As no providers are identified and no financial details are solicited, none of this information will be considered proprietary or confidential. Should any information or document be considered confidential by the filer, the filer must request approval of the Health Insurance Commissioner. The request must identify the specific information or document (or portion thereof) which the filer considers confidential, accompanied by a factual and legal analysis supporting the request.
- 3. Questionnaire responses must be verified by filing those portions of each hospital contract which support the survey response. An index or other method of reference must be included to identify which hospital contract documentation relates to each survey response. Any contract excerpts provided will be summarized for review.
- 4. Please contact OHIC with any questions.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407 (401) 462-9640

(401) 462-9645 (Fax)

www.ohic.ri.gov

THIS INFORMATION IS A TRADE SECRET AND MAY NOT BE DISCLOSED TO THIRD PARTIES WITHOUT TUFTS HEALTH PLAN'S PERMISSION

General comment:

Tufts Health Plan has a long standing commitment to investment in payer-provider incentive alignment, and we maintain hospital and physician incentive programs that apply to the vast majority of our network providers. As a relatively new entrant into the RI market, we are at an early stage of incorporating incentive mechanisms into our RI provider contracts. Provider incentive will be a key component of our contracting strategy as we grow our presence in the state of RI.

Tufts Health Plan requests that the information provided in response to this survey be deemed to constitute "trade secrets" within the meaning of the term in section 38-2-2(4)(i)(B) of the Rhode Island General Laws. We have included a footer stating "THIS INFORMATION IS A TRADE SECRET AND MAY NOT BE DISCLOSED TO THIRD PARTIES WITHOUT TUFTS HEALTH PLAN'S PERMISSION".

Finally, due to the questionable reliability of certain information provided in our responses, which is explained in further detail below, it is Tufts Health Plan's expectation and understanding that the information provided in this Provider Survey will not be used or considered in OHIC's review of Tufts Health Plan's rates.

Part 1. Hospital Inpatient Services

- Please fill out one row in the chart below for <u>each</u> general service institution (no specialty care, no rehab) with whom you contract in RI.
- Institution means hospital system if all contractual terms other than \$ amounts apply identically across all inpatient facilities in the contract.
- Incentives refer to activities or measures resulting in additional payments by the insurer.

	Duration of Current		Does Contract have				
	Contract since inception		provision for additional			Does this contract comply with	
	or last renewal,	Unit of Payment for	outlier payments and/or	Are there Quality or Customer	Utilization Incentives in	OHIC's July 2011 Rate Factor	
Institution/	whichever is later	Services (check all	severity adjusters (y/n)	Service Incentives in Contract	Contract: (check all that	Decision – Additional	
System	(years)	that apply)	and any comments	(y/n) ¹ ?	apply)	Conditions? ²	Comments

¹ Examples include supplemental payments beyond base fees for Bridges to Excellence Measure, Medicare Compare measures, HIT adoption, or customer satisfaction measures.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

www.ohic.ri.gov

THIS INFORMATION IS A TRADE SECRET AND MAY NOT BE DISCLOSED TO THIRD PARTIES WITHOUT TUFTS HEALTH PLAN'S PERMISSION

² Attach analysis and relevant documentation from contracts to demonstrate compliance status.

Institution/ System 1	Duration of Current Contract since inception or last renewal, whichever is later (years) 3 Years	Unit of Payment for Services (check all that apply) X DRG X Per Diem% of Charges Bundled Services Capitation or other budgetingOthers (please specify)	Does Contract have provision for additional outlier payments and/or severity adjusters (y/n) and any comments	Are there Quality or Customer Service Incentives in Contract (y/n)¹? No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. ³	Utilization Incentives in Contract: (check all that apply) admission reductions day reductions process/structural changes (e.g. discharge practices)Others (please specify)	Does this contract comply with OHIC's July 2011 Rate Factor Decision – Additional Conditions? ² N/A (Contract has not been renegotiated)	Comments
2	3 Years	x_DRG x_Per Diem% of Charges Bundled Services Capitation or other budgetingOthers (please specify)	Yes to additional outlier provision	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0.5~1.0%	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	
3	3 Years	DRGPer Diem _x % of Charges Bundled Services	No	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality	admission reductions day reductions Others (please specify)	N/A (Contract has not been renegotiated)	

³ % for Incentive Payments plus % for Services = 100%. Incentive payments not specified for inpatient or outpatient should be classified as inpatient.

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Institution/ System	Duration of Current Contract since inception or last renewal, whichever is later (years)	Unit of Payment for Services (check all that apply) Capitation or other budgetingOthers (please specify)	Does Contract have provision for additional outlier payments and/or severity adjusters (y/n) and any comments	Are there Quality or Customer Service Incentives in Contract (y/n)¹? incentive payments. 0.1~0.5%	Utilization Incentives in Contract: (check all that apply)	Does this contract comply with OHIC's July 2011 Rate Factor Decision – Additional Conditions? ²	Comments
4	2 Years	DRG _x_Per Diem% of Charges Bundled Services Capitation or other budgetingOthers (please specify)	Yes to additional outlier provision	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	
5	3 Years	DRGPer Diem x % of ChargesBundled Services Capitation or other budgetingOthers (please specify)	No	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	
6	3 Years	DRGPer Diem _x % of ChargesBundled	No	No If yes - % of total payments for inpatient services in CY	admission reductions day reductions Others (please specify)	N/A (Contract has not been renegotiated)	

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Institution/ System	Duration of Current Contract since inception or last renewal, whichever is later (years)	Unit of Payment for Services (check all that apply) Services Capitation or other budgetingOthers (please	Does Contract have provision for additional outlier payments and/or severity adjusters (y/n) and any comments	Are there Quality or Customer Service Incentives in Contract (y/n)¹? 2011 spent on quality incentive payments.	Utilization Incentives in Contract: (check all that apply)	Does this contract comply with OHIC's July 2011 Rate Factor Decision – Additional Conditions? ²	Comments
7	1 Year	specify) DRGYer Diem% of ChargesBundled ServicesCapitation or other budgetingOthers (please specify)	Yes to additional outlier provision	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments 0-2%	_X_ admission reductions _X day reductionsOthers (please specify)	Yes, please see attached	
8	3 Years	DRG _x_Per Diem% of ChargesBundled Services Capitation or other budgetingOthers (please specify)	Yes to additional outlier provision	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	

Additional Questions for Hospital Inpatient Services

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

1. List the five most common areas of quality and service incentives in your company's inpatient contracts:

(These measures apply to our hospital contracts that combine inpatient and outpatient services.)

- i. Joint Commission measures (e.g., AMI, CHF, pneumonia)
- ii. Leapfrog measures (e.g., CPOD, ICU staffing)
- iii.Prevention of "Never Events"
- iv. Surgical infection rates
- v. Readmission rates
- 2. Estimated Percent of total payments to RI Hospitals for inpatient services in CY 2011 spent on quality incentive payments. 0.1~1%
- 3. Estimated Percent of total payments to RI Hospitals for inpatient services in CY 2011 paid through units of service based on efficient resource use (i.e DRG, Capitation, Bundled Service or partial/global budgeting): <5%
- **4.** Estimated Payments in first six months of CY 2011 for Inpatient Services to Hospitals as % of what Medicare would have paid for similar set. of services: See comment (add comments or caveats)

For inpatient services Tufts Health Plan does not currently have the technical capability to benchmark to Medicare IPPS reimbursement. Conducting such analysis would require incremental time, resources and technical capabilities. Benchmarking Tufts Health Plan inpatient payments to Medicare IPPS may yield volatile and potentially unreliable results due to a) differences in reimbursement methodology (Tufts Health Plan reimburses the majority of inpatient claims on either a Per Diem or Percent of Charge basis); b) our relatively small volume of business in Rhode Island; c) mix of services; and d) chargemaster levels to some of the hospitals in Rhode Island. Additionally, it is our belief that a Medicare comparison for some hospitals that perform very specific services, like Obstetrics, will not result in a comparison that is useful and may lead to unintended and/or misinterpreted conclusions.

Other Comments on Quality/Efficiency Incentives in Hospital Inpatient Contracting:

Part 2. Hospital Outpatient Services

- Please fill out one row in the chart below for each general service institution (no specialty care, no rehab) with whom you contract in RI.
- Institution means hospital system if all contractual terms other than dollar amounts apply identically across all inpatient facilities in the contract.
- Outpatient Services include any services not involving an admission and covered under the contract with the institution.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System
State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

www.ohic.ri.gov

Institution/ System	Unit of Payment for Outpatient Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁴ ?	Utilization Incentives in Contract: (check all that apply)	Comments
1	 x_Procedure-based methodology – using plan, provider or industry coding. APC Code Other (please specify) 	No If yes - %of total payments for inpatient services in CY 2011 spent on quality incentive payments. ⁵	Visit/Volume Reduction Others (please specify)	
2	 X Procedure-based methodology – using plan, provider or industry coding. APC Code Other (please specify) 	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0.5~1.0%	Visit/Volume Reduction Others (please specify)	
3	 x_Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0.1~0.5%	Visit/Volume Reduction Others (please specify)	
4	 x_Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality	Visit/Volume Reduction Others (please specify)	

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

⁴ Examples include supplemental payments beyond base fees for structural changes such as HIT, process measures or customer satisfaction.
⁵ % for Incentive Payments plus % for Services = 100%. Incentive payments not specified for inpatient or outpatient should be classified as inpatient.

Institution/ System	Unit of Payment for Outpatient Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁴ ? incentive payments.	Utilization Incentives in Contract: (check all that apply)	Comments
5	 X Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	
6	 X Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	
7	 x Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	
8	 X Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	

Additional Questions for Hospital Outpatient Services

1. List the five most common areas of quality and service incentives in your company's hospital outpatient contracts:

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

(These measures apply to our hospital contracts that combine inpatient and outpatient services.)

- i. Joint Commission measures (e.g., AMI, CHF, pneumonia)
- ii. Leapfrog measures (e.g., CPOD, ICU staffing)
- iii.Prevention of "Never Events"
- iv.Surgical infection rates
- v. Readmission rates

2.	Percent of total pa	syments to RI Hos	pitals for outpatier	nt services in CY 2011 s	pent on qualit	ty incentive pa	yments.	0.1~1%	
----	---------------------	-------------------	----------------------	--------------------------	----------------	-----------------	---------	--------	--

- 3. Percent of total payments to RI Hospitals for outpatient services in CY 2011 paid through units of service based on efficient resource use (i.e APC, Bundled Services or partial/global budgeting): ____n/a______
- 4. Estimated Payments in first six months of CY 2011 for Outpatient Services to Hospitals as % of what Medicare would have paid for similar set. of services: 222% (i.e. 122% over Medicare Reimbursement) (add comments or caveats)

For Outpatient Services, Tufts Health Plan has the technical capabilities to perform the required benchmarking analysis to Medicare; however, we have concerns about the confidence level in the accuracy of the supplied benchmark. Our concerns are due to a) the allowed reimbursement at a claim level was compared to fee information obtained from OPPS and CMS ancillary schedules such as Clinical Lab, DME etc.; b) we are not able to reprocess our claims through an OPPS Grouper and were limited to a line level reprice based on OPPS/Ancillary fees which means that exact Medicare reimbursement can only be approximated; c) Procedures that do not have a fee on OPPS/Ancillary schedules, or are billed in a different manner to Medicare (e.g., observation) were dropped from the analysis.

Additionally, Tufts Health Plan has concerns that the results may be skewed due to a few high-volume hospitals and the large number of providers reimbursed on a percent of charges basis – factors that may distort the data due to particular mix of services and chargemaster levels of PAF providers. Based on the concerns listed above it is our belief that a Medicare comparison might not result in a benchmark that is useful and could lead to unintended and/or misinterpreted conclusions that if made public could impact certain contract negotiations by putting upward pressure on unit costs.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Other Comments on Quality/Efficiency Incentives in Hospital Outpatient Contracting:

Part 3: Professional Groups

- "Professional Groups" is defined as non institutional/non facility groups with a valid contract and a single tax id number.
- Please provide information for the top 10 groups (measured by \$ paid in 2011), filling in one row per group (10 rows in the table total).

Group	Specialty Type	Unit of Payment for Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁶ ?	Utilization Incentives in Contract: (check all that apply)	Comments
1	Multi- specialty	x Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 7	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
2	Multi- specialty	_X_ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction use of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
3	Multi- specialty	_ X _ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code	No If yes - % of total payments for inpatient services in CY 2011 spent	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care	

⁶ Examples include supplemental payments beyond base fees for EMR adoption, structural changes, accreditation, process measures or patient satisfaction.

⁷ % for Incentive Payments plus % for Services = 100%. Incentive payments not specified for inpatient or outpatient should be classified as inpatient.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System State of Rhode Island Office of the Health Insurance Commissioner

> 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920-4407 (401) 462-9640 (401) 462-9645 (Fax)

Group	Specialty Type	Unit of Payment for Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁶ ?	Utilization Incentives in Contract: (check all that apply)	Comments
		Full/ Partial Capitation Other (please specify)	on quality incentive payments	use of pharmacy services Others (please specify)	
4	Sub - Specialty	_X_ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
5	Primary Care	_ X _ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. ———	Visit/Volume Reduction use of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
6	Primary Care	_X_Procedure-based methodology – using CPT, plan, provider or other codingAPC Code _Full/ Partial Capitation _Other (please specify)	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0~5%	 X Visit/Volume Reduction use of ancillary/referred services use of diagnostic tests overall efficiency of care x use of pharmacy services x Others (please specify) 	Quality/Member Satisfaction
7	Sub - Specialty	_ X _ Procedure-based methodology – using CPT, plan,	No	Visit/Volume Reductionuse of ancillary/referred services	

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Group	Specialty Type	Unit of Payment for Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁶ ?	Utilization Incentives in Contract: (check all that apply)	Comments
		provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
8	Sub - Specialty	_X_Procedure-based methodology – using CPT, plan, provider or other codingAPC CodeFull/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
9	Multi- specialty	_X_ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred servicesuse of diagnostic testsoverall efficiency of careuse of pharmacy servicesOthers (please specify)	
10	Multi- specialty	_X_Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Additional Questions for Professional Groups

- 1. List the five most common areas of quality and service incentives in your company's professional group contracts:
 - i. HEDIS (diabetes, breast cancer screening, colonoscopy, etc.)
 - ii. HCHAPS
 - iii. EMR adoption
 - iv. Inpatient and ER use
 - v. Rx Management
- 2. Percent of total payments to these ten professional groups in CY 2011 spent on quality incentive payments. ___<1%____
- 3. Percent of total payments to these ten professional groups in CY 2011 paid through units of service based on efficient resource use (i.e APC, Bundled Services or partial/global budgeting): ___n/a
- 4. Estimated Payments in first six months of CY 2011 for Professional Group Services as % of what Medicare would have paid for similar set. of services: 122% (i.e. 22% over Medicare Reimbursement) (add comments or caveats)

The analysis was conducted using a claim line level comparison between allowed reimbursement and Medicare fee information obtained from RBRVS tables as well as Medicare ancillary schedules such as clinical lab, DME etc. Anesthesia services were also included. Procedures that Medicare does not reimburse but supplies RVU information for, such as preventive medicine and consults codes, are included at the RVU level rate for the Medicare comparison. Claims lines that do not have RBRVS/Ancillary schedule information were dropped from the analysis.

Additionally, Tufts Health Plan has concerns that the results may be skewed due to particular mix of services for providers. Based on the concerns listed above it is our belief that a Medicare comparison might not result in a benchmark that is useful and could lead to unintended and/or misinterpreted conclusions that if made public could impact certain contract negotiations by putting upward pressure on unit costs.

Other Comments on Quality/Efficiency Incentives in Professional Group Contracting:

Selected Contract Sections Showing Compliance To OHIC Conditions

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Effective for dates of service on or after January 1, 2011

Office of the Health Insurance Commissioner Conditions

<u>Pay-For-Performance:</u> [Redacted] is available for the Hospital to earn based upon quality and/or efficiency measures [redacted].

<u>Case Rates:</u> In the event [redacted] parties agree to meet to discuss the potential to transition to efficiency based payment methodologies (e.g., DRG, APC) in a manner that [redacted].

<u>Administrative Efficiency:</u> Tufts Health Plan agrees to assign a Contract Specialist to provide ongoing contract related support through the term of the agreement to help mitigate contract related issues.

The Hospital agrees to work with and communicate issues to the Contract Specialist on an ongoing basis and work in good faith to resolve contract related issues in a timely manner.

<u>Communication</u>: During calendar year 2011 parties agree to formalize clinical communication that promotes and measures improved clinical communications between the hospital and each patient/member's designated primary care physician, specialist physicians, long term care facility, or other providers.

<u>Public Release of Contract Terms:</u> Parties agree to allow the public release of terms outlined in this agreement if compelled by State regulatory authorities.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System
State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

1. Please provide an excel spreadsheet in the following format, detailing the 2011 actual and 2013 requested small and large group administrative costs pmpm, allocated among the NAIC- financial statement administrative cost categories. Please explain any significant changes from the financial filing for 2011 (increases/decreases of more than five percent in a particular category).

	2011 Actual (fr	om filed financial				
RI Insured PPO	state	statements)		roposed	% Change	
						Large
	Small Group	Large Group	Small Group	Large Group	Small Group	Group
Total Estimated Member						
Months	6,778	28,008	5,732	26,480	-15.4%	-5.5%
Total Estimated Premiums						
(\$pmpm)	\$382.46	\$404.51	\$422.41	\$446.68	10.4%	10.4%
Total General Administrative						
Expense	\$37.84	\$37.94	\$41.93	\$39.72	10.8%	4.7%
Total Cost Containment						
Expense	\$10.43	\$9.64	\$11.65	\$11.65	11.7%	20.8%
Total Other Claim Adjustment Expense (\$pmpm)	\$7.99	\$7.38	\$8.92	\$8.92	11.7%	20.8%
Breakdown of General Adminis	trativa Evpanas	(\$nmnm)				
a. Payroll and benefits	\$2.94	\$2.72	\$3.29	\$3.29	11.7%	20.8%
b. Outsourced Services (EDP,	\$2.54	Ψ2.12	ψ3.29	ψ3.29	11.7 /0	20.076
claims etc.)	\$0.09	\$0.09	\$0.10	\$0.10	11.7%	20.8%
c. Auditing and consulting	\$8.02	\$7.42	\$8.96	\$8.96	11.7%	20.8%
d. Commissions	\$13.32	\$14.30	\$14.24	\$12.03	6.9%	-15.8%
e. Marketing and Advertising	\$1.76	\$1.63	\$1.97	\$1.97	11.7%	20.8%
f. Legal Expenses	\$0.17	\$0.16	\$0.19	\$0.19	11.7%	20.8%
g. Taxes, Licenses and Fees	\$8.72	\$9.22	\$10.21	\$10.21	17.1%	10.7%
h. Reimbursements by Uninsured Plans	\$0.00	\$0.00	\$0.00	\$0.00	0.0%	0.0%
i. Other Admin Expenses	\$2.82	\$2.42	\$2.97	\$2.97	5.4%	22.7%

Notes

- 1. The expense in any given administrative category may vary from year to year due to the small size of Tufts Health Plan's PPO block of business in Rhode Island. In aggregate, however, total admin has increased less than about 3% per year.
- 2. Please also provide an excel spreadsheet in the following format; detailing actual calendar year 2007-2011 fully insured commercial administrative costs, in accordance with the following table. This should be consistent with the annual statement fillings to OHIC for administrative costs, providing additional detail on the components of administrative costs using the categories defined by NAIC financial statement and as allocated to commercially insured business only. Specifically, the information provided should agree with the "Exhibit of Premiums, Enrollment and Utilization" and the "Analysis of Operations by Line of Business" schedules included in the Annual Statements on file with OHIC. Where there are variance, a reconciliation and explanation should be provided.

Fully Insured Commercial Administrative Cost History

RI Insured PPO	2007	2008	2009	2010	2011
Total Premiums			12,373,810	17,393,107	13,921,729
Total General Administrative					
Expense			1,929,424	1,887,787	1,319,190
General Admin Exp. Ratio			15.6%	10.9%	9.5%
Total Fully Insured Member					
Months			33,738	45,416	34,786
General Administrative					
Expense (\$pmpm)			\$57.19	\$41.57	\$37.92
Breakdown of General Administ	trative Expense	(\$pmpm)			
 a. Payroll and benefits 			\$3.37	\$2.49	\$2.76
 b. Outsourced Services (EDP, 					
claims etc.)			\$0.01	\$0.01	\$0.09
c. Auditing and consulting			\$5.92	\$4.93	\$7.54
d. Commissions			\$18.10	\$16.49	\$14.11
e. Marketing and Advertising			\$2.52	\$1.72	\$1.66
f. Legal Expenses			\$0.08	\$0.11	\$0.16
g. Taxes, Licenses and Fees			\$7.34	\$8.74	\$9.12
h. Reimbursements by					
Uninsured Plans			\$0.00	\$0.00	\$0.00
i. Other Admin Expenses			\$19.85	\$7.09	\$2.50
Cost Containment Expense			179,767	385,924	340,764
Other Claim Adjustment					
Expense			236,579	369,709	260,894
Total Self Insured Member					
Months for all Affiliated					
Companies doing business in			1		
RI			113,694	0	662

RI Insured PPO

- 3. At the request of OHIC's Health Insurance Advisory Council, please provide brief answers to the following questions
- In general and net of new taxes and fees, why should the rate of increase in Health Plan administrative costs exceed the general inflation rate?

Administrative expenses in total in a given year are adjusted for inflation, membership growth or loss and increases or decreases in corporate projects, which are often driven by regulatory requirements and government mandates. As a general practice, to set administrative expense targets for the annual financial plan, fixed administrative costs are grown at an inflationary rate. Variable administrative costs are then developed by applying inflation to the variable pmpm rate and then multiplying the inflated pmpm rate by planned member months. While those are the initial steps to develop targets, each administrative function is reviewed in detail to identify potential administrative cost savings and targets are adjusted accordingly.

• What percentage of administrative costs does your organization consider fixed for the next five years? Provide detail by expense categories.

For the total company, we currently consider 58% of our costs fixed as follows:

Fixed Administrative Costs by Category:	
Network Management	2%
Sales and Marketing	4%
Clinical Services	5%
Operations	5%
IT & Business Effectiveness	8%
Corporate Projects	14%
Fixed Overhead and Other	<u>20%</u>
Total Fixed Administrative Expenses	58%

• What administrative services are used by fully insured members that are not used by self-insured clients (e.g. broker commissions) and what are the estimated total costs (\$pmpm) for those services?

Administrative costs for fully insured membership include expenses associated with medical cost containment (\$9.80 pmpm), whereas in most cases self-insured clients bear these costs directly. Broker commissions (\$14.11 pmpm) are also not applicable to most self-insured clients.

 What does your plan use as its pmpm benchmarks or price points for commercial insurance administrative costs and why? We periodically participate in the benchmarking survey used to develop the *Sherlock Expense Evaluation Reports* (SEER) which are viewed as the definitive benchmarks for the functional areas of health plan administration. The Sherlock Expense Evaluation Reports (SEER) supply comprehensive and highly granular financial and operational metrics.



Health System Improvements Survey

The State of Rhode Island Office of the Health Insurance Commissioner Regulation 2 lists standards to be used by the Health Insurance Commissioner (Commissioner) for the assessment of the conduct of commercial health insurance issuers in Rhode Island for their efforts aimed at improving the efficiency and quality of health care delivery and increasing access to health care services. The standards include the following issuer activities:

- 1. Directing resources, including financial contributions, toward system-wide improvements in the state's health care system related to quality, access and efficiency, including providing support to local collaboratives, organizations, and initiatives that promote these three goals
- 2. Participating in the development and implementation of public policy issues related to health

To assist the Commissioner in this assessment, as part of the 2012 small and large employer group rate factor review process for commercial health insurance issuers in Rhode Island, please itemize and quantify your organization's contributions of finances and other material assets to these efforts in Rhode Island in calendar year 2011 in the following table.¹

System-wide Improvement Activity	Brief Description of Activity and How it Promotes Health Care System Quality, Access or Efficiency	Value of 2011 Issuer Contributions
Funding	Grants provided by the Tufts Health Plan Foundation and Community Relations to the following RI organizations to support wellness and safety initiatives	\$515,724
	 Best Buddies International Best Buddies Intergenerational College Project Grant Amount: \$20,000 Mount St. Rita Health Centre Blessings in a Back Pack Grant Amount: \$5,000 	
	Blessings in a Back Pack	

¹ The contributions can be to any entity other than a provider to improve medical and prevention services for all Rhode Islanders and to promote a coherent, integrated, and efficient statewide health care system.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920-4407 (401) 462-9640 (401) 462-9645 (Fax) www.ohic.ri.gov

System-wide Improvement Activity	Brief Description of Activity and How it Promotes Health Care System Quality, Access or Efficiency	Value of 2011 Issuer Contributions
	Bethany Home Cares Grant Amount: \$43,036 • Homefront Health Care HIP-SAFE (Homefront Intervention to Prevent Slips & Falls in Elders) Grant Amount: \$59,438 • Rhode Island Free Clinic Inc. Healthy Lifestyles for Today and Tomorrow Grant Amount: \$60,000 • The Providence Center InShape Seniors Grant Amount: \$42,000 • Ocean State Center for Independent Living (OSCIL) Home Sweet Accessible Home Grant Amount: \$40,000 • Westbay Community Action Inc. Elder Safety Grant Amount: \$42,000 • Rhode Island Quality Institute Health Information Exchange Support Grant Amount: \$25,000 • EMR Payments \$179,250	
Participation in RI initiatives, programs and organizations	The goals of these programs, initiatives and organizations is to improve quality and/or transform primary care in the state: • CSI/Beacon (Project director, project manager, and nurse case manager support) \$38,329 • Value of Resource Time in Various Programs (Estimate of \$30,000 for 0.2 FTE for 2011) • RI DOH Medical Director meetings • RI Quality Partners Safe Transitions • RI Senate Commission on Hospital Payment Reform • RIQI Board of Directors • RI CSI Beacon Executive Committee	\$68,329

Thank you for your cooperation.

Tufts Associated Health Maintenance Organizations, Inc.

Large Group Rate Filing -- Effective Date January 1, 2013

Part 1. Historical Information

Experience Period for Developing Rates

From 01/01/2009 12/31/2011

Utilization/Experience Data by Quarter (Last 12 Available Quarters)

								Incurred						Other				
					Incurred			Claims	Incurred			Quality	Other Cost	Claim	Other	Investment		
			Member	Earned	Claims	Incurred	Incurred Claims	Primary	Claims Other	Incurred		<u>Improveme</u>	Containmen	Adjustment	Operating	Income	Commission	Contribution
Quarter	End Date	IP Days	Months	Premium	<u>Total</u>	Claims IP	<u>OP</u>	Care	M/S	Claims Rx	Loss Ratio	nt Expense*	t Expense*	Expense*	Expense*	Credit	<u>s</u>	to Reserves
1 (Oldest)	03/31/2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2	06/30/2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3	09/30/2009	10	535	\$184,026	\$192,099	\$35,287	\$46,636	\$9,661	\$54,252	\$46,262	106.3%	\$3,460	\$1,792	\$3,129	\$17,887	N/A	\$5,392	(\$39,735)
4	12/31/2009	12	1,447	\$430,624	\$502,287	\$47,728	\$151,561	\$28,866	\$196,898	\$77,234	118.8%	\$9,359	\$4,848	\$8,464	\$48,380	N/A	\$14,583	(\$157,297)
5	03/31/2010	97	2,467	\$864,452	\$1,023,105	\$326,462	\$209,880	\$42,867	\$295,045	\$148,851	120.1%	\$15,527	\$7,277	\$12,705	\$61,151	N/A	\$36,360	(\$291,672)
6	06/30/2010	99	3,261	\$1,167,742	\$1,043,432	\$207,698	\$275,710	\$61,342	\$316,059	\$182,623	91.1%	\$20,524	\$9,619	\$16,793	\$80,832	N/A	\$48,062	(\$51,521)
7	09/30/2010	30	3,438	\$1,261,070	\$986,927	\$196,908	\$251,210	\$63,976	\$280,563	\$194,270	80.0%	\$21,638	\$10,141	\$17,705	\$85,220	N/A	\$50,671	\$88,769
8	12/31/2010	61	3,539	\$1,346,188	\$1,045,547	\$221,223	\$241,432	\$84,149	\$298,584	\$200,160	79.3%	\$22,274	\$10,439	\$18,225	\$87,723	N/A	\$52,160	\$109,820
9	03/31/2011	131	3,964	\$1,550,685	\$1,260,828	\$275,912	\$318,962	\$84,165	\$353,698	\$228,092	82.9%	\$24,785	\$23,748	\$23,614	\$101,776	N/A	\$58,303	\$57,630
10	06/30/2011	178	4,476	\$1,783,022	\$1,915,167	\$487,008	\$439,723	\$97,117	\$599,106	\$292,213	109.0%	\$27,986	\$26,816	\$26,664	\$114,922	N/A	\$65,833	(\$394,366)
11	09/30/2011	137	4,793	\$1,894,713	\$1,800,129	\$422,156	\$491,354	\$114,320	\$476,856	\$295,443	96.6%	\$29,968	\$28,715	\$28,552	\$123,061	N/A	\$70,496	(\$186,208)
12	12/31/2011	123	4,900	\$1,971,233	\$2,176,833	\$705,730	\$479,709	\$120,936	\$562,108	\$308,351	112.0%	\$30,637	\$29,356	\$29,190	\$125,808	N/A	\$72,069	(\$492,661)

^{*} These categories should conform generally to the reporting in the NAIC statement Underwriting & Investment Exhibit Part 3- Analysis of Expenses and/or to the Supplemental Health Care Exhibit, Lines 6.3 and 8.1 If any of the historical information reported is different from that period as reported in the prior rate filing, please provide a reconciliation and explanation showing the amount of each element of difference.

- Notes:

 1. The Other Operating Expenses shown above include taxes, licenses and fees, which were excluded in previous filings for the same time periods

 2. Primary care claims definition has been revised to match the Primary Care Spend report

- 2. F. Expenses such as network access fee, COB and claims interest are moved from Other M/S claims to administrative expenses according to NAIC definition

 4. Claims Total differences from the COB and claims interest are moved from Other M/S claims to administrative expenses according to NAIC definition

 4. Claims Total differences from the COB and claims interest are moved from Other M/S claims to administrative expenses according to NAIC definition

 5. Claims Total differences from the COB and C

Part 2. Prospective Information

A. 2013 Trend Factors for Projection Purposes (Annualized)

	<u>IP</u>	<u>OP</u>	Primary Care	Other M/S	<u>Rx</u>	Weighted Total
Total	5.2%	6.7%	5.4%	4.7%	4.7%	5.4%
Price Only	3.6%	3.4%	3.3%	1.8%	0.8%	2.6%
Utilization	1.5%	3.2%	2.0%	2.9%	3.9%	2.8%
Other**						
Other**						
Other**						
Weights	20.4%	26.5%	9.4%	26.3%	17.4%	100%

^{**} All elements should add or compound to the total. If anything is to be reported as "Other" please provide a description.

2012 Trend Factors for Projection Purposes (Annualized)

					Autism		
	<u>IP</u>	<u>OP</u>	Primary Care	Other M/S	Mandate	Rx	Neighted Total
Total	5.9%	7.6%	6.4%	4.8%	0.2%	0.3%	5.3%
Price Only	3.6%	3.7%	4.1%	1.3%		-3.6%	1.9%
Utilization	2.2%	3.8%	2.2%	3.5%		4.0%	3.3%
Other**							
Other**							
Other**							
					,		
Weights	20.2%	24.7%	8.4%	29.3%		17.4%	100%

^{**} All elements should add or compound to the total. If anything is to be reported as "Other" please provide a description.

B. The following items for the period to which the rate filing applies, by quarter:

						Quality						
						Improvem	Other Cost		Other			
			Average %	Expected	Expected	<u>ent</u>	Containme	Other Claim	Operating	Average	Investment	
		Beginning	Rate	Pure Medical	Contribution to	Expense	nt Expense	Adjustment	Expense	Commissions	Income	Premium
	Quarter	Arter Date Increase Cost Ratio F 1 01/01/2013 6.8% 85.7%		Reserves %	<u>%*</u>	<u>%*</u>	Expense %*	<u>%*</u>	<u>%*</u>	Credit %	Tax %	
ſ	1	01/01/2013	6.8%	85.7%	0.0%	1.6%	1.4%	1.4%	4.2%	3.0%	0.0%	2.7%
	2	04/01/2013	6.5%	85.7%	0.0%	1.6%	1.4%	1.4%	4.2%	3.0%	0.0%	2.7%
	3	07/01/2013	6.6%	85.7%	0.0%	1.6%	1.4%	1.4%	4.2%	3.0%	0.0%	2.7%
	4	10/01/2013	6.8%	85.7%	0.0%	1.6%	1.4%	1.4%	4.2%	3.0%	0.0%	2.7%
	Weighted .	Average	6.7%	85.7%	0.0%	1.6%	1.4%	1.4%	4.2%	3.0%	0.0%	2.7%

						Quality						
						<u>Improvem</u>	Other Cost		Other			
			Average %	Expected	Expected	<u>ent</u>	Containme	Other Claim	Operating	<u>Average</u>	Investment	
		Beginning	Rate	Pure Medical	Contribution to	Expense	nt Expense	Adjustment	Expense	Commissions	Income	Premium
	Quarter	Date	Increase	Cost Ratio	Reserves %	<u>%*</u>	<u>%*</u>	Expense %*	<u>%*</u>	<u>%*</u>	Credit %	Tax %
ſ	1	01/01/2012	3.4%	87.0%	0.0%	0.9%	0.7%	1.3%	5.1%	3.0%	0.0%	2.0%
	2	04/01/2012	3.0%	87.0%	0.0%	0.9%	0.7%	1.3%	5.1%	3.0%	0.0%	2.0%
	3	07/01/2012	4.0%	87.0%	0.0%	0.9%	0.7%	1.3%	5.1%	3.0%	0.0%	2.0%
	4	10/01/2012	6.6%	87.0%	0.0%	0.9%	0.7%	1.3%	5.1%	3.0%	0.0%	2.0%
ſ	Weighted	Average	4.2%	87.0%	0.0%	0.9%	0.7%	1.3%	5.1%	3.0%	0.0%	2.0%

^{*} These categories should conform generally to the reporting in the NAIC statement Underwriting & Investment Exhibit Part 3 - Analysis of Expenses and to the Supplemental Health Care Exhibit, Lines 6.3 and 8.1 The sum of the expenses, commissions, contributions to reserves, investment income credit, taxes and the medical loss ratio should be 100%.

C. Average Rate Increase Components

The following items should reconcile to the Weighted Average Percent Rate Increase for the year:

	Price	Utilization, Mix	<u>Total</u>
Hospital Inpatient Price	0.6%	0.3%	0.9%
Hospital Outpatient	0.8%	0.7%	1.5%
Primary Care	0.3%	0.2%	0.4%
Med/Surg Other Than Primary Care	0.4%	0.6%	1.0%
Pharmacy	0.1%	0.6%	0.7%
Administrative Expense (Aggregated)			0.6%
Contribution to Reserves			0.0%
Taxes and Assessments			0.9%
Legally Mandated Changes			0.0%
Prior Period Adjustment (+/-)			0.6%
Total			6.7%

Part 3. Retrospective Reconciliation of Experience with Filed Factors

			Filed Data ¹			PMPN	I Increase ²	Standard	Plan PMPM ³	Standard Pl	an Increase4	Appr	oved	Loss	Ratio
			Claims							Trend	Contrib to				
<u>Year</u>	<u>Months</u>	<u>Premium</u>	Claims Total	PMPM	PMPM	<u>Premium</u>	Claims	<u>Premium</u>	<u>Claims</u>	Premium	Claims	Increase%	Reserves%	Actual%	Filed%
2009	1,982	614,650	707,206	\$310.12	\$356.81			251.04	406.66			9.7%	0%	115.1%	87.0%
2010	12,705	4,639,452	4,178,975	\$365.17	\$328.92	17.8%	-7.8%	256.39	236.35	2.1%	-41.9%	9.3%	0%	90.1%	87.0%
2011	18,133	7,199,652	7,266,335	\$397.05	\$400.72	8.7%	21.8%	313.93	293.50	22.4%	24.2%	9.2%	0%	100.9%	87.9%

¹ Corresponds to historical Information data in Part 1 above

1. Filed loss ratio for CY 2011 is the sum of the expected pure medical cost ratio and expected quality improvement expenses % in 2011 rate factor filling

Due to the lack of credible experience, manual rates are developed by trending forward prior base rates to reflect trend changes. Therefore, depending on the timing of trend change, rate increases may be different from trend increase. The difference is reflected as Prior Period Adjustment above.

² Percent increase compared to prior year

³ For most commonly held plan of benefits in 2010 and for the same plan of benefits in 2011

⁴ Percent increase compared to prior year

Rhode Island Health Statement Supplement

Cover Sheet

Tufts Associated Health Maintenance Organizations & Tufts Company Name

Insurance Company

Enter NAIC# 95688 & 60177 **Reporting Year** 2011

Enter DBR registration # (TPAs)



OFFICE OF THE **HEALTH INSURANCE COMMISSIONER**

STATE OF RHODE ISLAND

Office of the Health Insurance Commissioner 1511 Pontiac Ave, Building #69 first floor Cranston, RI 02920 (401) 462-9517 (401) 462-9645 (fax) HealthInsInquiry@ohic.ri.gov

			- 1	1		2	^		-	-				7	0			10		11	
		1	1				3		4	5		6			8	9		10		11	
							1														
	Line of Business Exhibit																				
	Lille of Dusilless Exhibit						Stop loss/ I	Evenee										ther Medical No	n-		
Field		Compreh	nensive/Major me	edical	A	SO/TPA	loss/Reins		Medicare Part C	Medicare F	Part D	Medicare Supple	ement Policies Medic	raid/Other nublic	Student blank	et Dental		Comprehensive		cross all lines of b	usiness)
11010			Non-RI	All					RI Non-RI All			RI Non-			RI Non-RI					Non-RI	All
1 1	Membership Data																				
	Number of Polices or Certificates	197		197	1		1			91	91	3 -	3			_			- 292		202
	Number of Covered Lives	3,936	737	4,673	299	29	328			91	91		5						- 4,331		5,097
1	Member Months	48,618	8,909	57,527	603		662			1,062	1,062		60			-			- 50,343		59,311
-	Number of Polices or Certificates (Plans with PD benefits)	197	-	197	1	-	1	-		91 -	91							-	- 292		292
	Number of Covered Lives (Plans with PD benefits)	3,936	737	4,673	299	29	328			91 -	91		5 -					-	- 4,331		5,097
	Member Months (Plans with PD benefits)	48,618	8,909	57.527	603			-		1,062 -								-	- 50.343		59,311
	· · · · · · · · · · · · · · · · · · ·								1 1			1		1							
	Premiums/Claims																				
2	Premium	19,382,569	3.553.785	22.936.354	162.614	18,088 180,	702	- 1		146,221	146,221	23,160 -	23,160			-	- 1		- 19.714.564	3,571,873	23,286,437
	Claims/Medical Expenses	17,496,249	3,228,233	20,724,482	139,151	15,072 154,	222	-	-	405,690	405,690	20,052 -	20,052	-		-	-		- 18,061,142	3,243,305	21,304,446
	·																				
	Inpatient Facility																				
	Hospital																				
	1 In-state	3,158,748	206,043	3,364,791	17,550	- 17,	550	-	-		-		-	-		-	-		- 3,176,298	206,043	3,382,341
	2 Out-of-state	540,726	359,998	900,724	-	-	-	-	-		1		-	-		- 1	-		- 540,726		900,724
	3 Total (Lines 1 + 2)	3,699,474	566,041	4,265,515	17,550	- 17,	550	-							-			-	- 3,717,024	566,041	4,283,065
	SNF																				
3	4 In-state	33,154	5,624	38,778	-	-	-		-		-		-	-		- 1	-		- 33,154	5,624	38,778
"	5 Out-of-state	-	-	-	-	-	-		-		1		-	-		- 1	-			-	-
	6 Total (Lines 4 + 5)	33,154	5,624	38,778	-	-		-			1 -					- - -		-	- 33,154	5,624	38,778
	Other																				
	7 In-state	1,167	-	1,167	-	-	-	-	-		-		-	-		-	-		- 1,167	-	1,167
	8 Out-of-state	-	12,761	12,761	-	-	-	-	-		-		-	-		-	-			12,761	12,761
	9 Total (Lines 7 + 8)	1,167	12,761	13,928	-	-		-			-							-	- 1,167	12,761	13,928
1	0 Total Inpatient Facility (Lines 3 + 6 + 9)	3,733,795	584,427	4,318,222	17,550	- 17,	550	-			-							-	- 3,751,345	584,427	4,335,772
	•																				
	Outpatient Facility																				
	Hospital																				
	1 In-state	3,352,396	210,704	3,563,100		916 23,		-	-		-	1,633 -	1,633	-		-	-		- 3,376,704		3,588,324
1	2 Out-of-state	317,396	538,951	856,347	1,088		922	-	-		-		-	-		-	-		- 318,484		859,269
	3 Total (Lines 11 + 12)	3,669,791	749,655	4,419,447	23,763	2,749 26,	512	-			-	1,633 -	1,633 -					-	- 3,695,188	752,404	4,447,593
	SNF																				
	4 In-state	-	-	-	-	-	-	-	-		-		-	-		-	-		-	-	-
	5 Out-of-state	-	-	-	-	-	-	-	-		-		-	-		-	-		-	-	-
4	6 Total (Lines 14 + 15)	-	-	-	-	-		-			-							-	-	-	-
	Freestanding Ambulatory Care Facility																				
	7 In-state 8 Out-of-state	747,250	53,967	801,218			893	-	-		-			-		-	-		- 749,143		803,110
		168,850	101,890	270,740	-		631	-	-		-			-		-	-		- 168,850		275,371
	9 Total (Lines 17 +18)	916,100	155,858	1,071,958	1,893	4,631 6,	524				-							-	- 917,993	160,489	1,078,482
	Other	700 100		710 170			100				1	0.0	0.0								710.000
1	20 In-state	728,426	17,731	746,156	2,074		189	-	-		-	310 -	310			-			- 730,809	17,845	748,655
		146,342	140,799	287,140			314	-			-	47 -				-			- 147,334 - 878 143		288,501
	Total (Lines 20 + 21) 3 Total Outpatient Facility (Lines 13 + 16 + 19 + 22)	874,767 5,460,659	158,529 1.064.042	1,033,296	3,019	484 3,: 7.864 36.:	503				-	357 - 1,990 -	357 - 1.990 -						 878,143 5,491,325 	159,013	1,037,156 6.563.231
4	10tal Outpatient Facility (Lines 13 + 16 + 19 + 22)	5,460,659	1,004,042	0,324,701	20,070	7,004 30,	559				-	1,990 -	1,990 -					-	- 5,491,323	1,071,906	0,303,231
	Primary Care																				
5	24 Total Primary Care	1,115,436	219,726	1,335,162	15 201	842 16,	042	1			_	679 -	679						- 1,131,316	220,567	1,351,883
4	T TOTAL T TIMALY CALC	1,110,430	213,120	1,335,102	10,201	042 16,	UTU			 		0/9	0/9			- 1			- 1,131,316	220,001	1,301,003
	Pharmacy																				
6	25 Total Pharmacy	3,060,587	545,750	3 606 327	11 737	1,491 46,	227	1.1		405,690	405 600	10,316 -	10,316						- 3,521,330	547,241	4,068,570
	Total Final macy	3,000,307	343,730	3,000,337	44,131	1,431 40,	LL1			+00,000	400,090	10,510	10,310	1 -		- 1 1			3,321,330	J41,241	+,000,570
	Medical/Surgical other than primary care																				
-	Medical/Surgical other than primary care	2.373.477	133,824	2.507.301	17.385	1.341 18.	706				_	E 254	E 254						- 2.396,216	135,165	2.531.381
7	26 In-state 27 Out-of-state	429,183	133,824 432,394	2,507,301 861,577	17,385		726 257	+		 	-	5,354 -		 		- -	+		- 2,396,216 - 429,625		2,531,381 863,834
	28 Total Other Medical/Surgical (Lines 26 + 27)	2,802,660	566,218	3,368,878		3,155 20,		-	_	1 _ 1	+ -	5,354	5,354 -				+:+		- 429,625		3,395,215
L 1 2	Total Other Medical/Surgical (Lines 26 + 27)	∠,0U∠,00U	300,218	3,308,878	17,828	3,100 20,		1 - 1	- - -	<u> </u>		5,354 -	5,354 -	- 1 -	<u> </u>	- 1 - 1 -	1 - 1 -		- ∠,8∠5,841	509,374	ა,აყნ,215
	All other payments to medical providers																				
8	29 Total	1,323,112	249.070	1 574 400	15 150	1.720 16.	990			1		1,714 -	1,714	1 1			1 - 1		- 1,339,986	240 700	1,589,776
	3 TOTAL	1,323,772	∠ 4 0,U/U	1,577,182	15,159	1,720 16,	DOV	-			-	1,/14	1,/14	-		-	1 - 1		- 1,339,986	249,790	1,509,776

_			1			2			3		4			5			6			7			8	
Market Exh	nibit (For Comprehensive/Major Medical Line of Business)	In	dividual			Small Group			Large Group		Associa	ion		Trust		Federal Emp	oloyee Hea	alth Benefit	Other	r Health Ma	arket	Total	'Across all mark	kets)
			Non-RI	All	RI	Non-RI	All	RI	Non-RI	All	RI Non-F		RI	Non-RI	All	RI	Non-RI	All		Non-RI		RI	Non-RI	A
Membership D	Dete.	IXI	NOII-IXI	ZSII	IM	11011-111	All	IXI	NOTETA	Zui	TO TOTAL	i Aii	181	Non-Itt	All	IXI	NOII-IXI	ZSII	IXI	NOII-IXI	All	IXI	INOTI-INI	
	Polices or Certificates				405		405	04		31												407		
		1	-			140	165	31	-			-			-			-			-	197 3.936	-	
	Covered Lives	1	-	1			842	3,233	597	3,830		-			-			-			-		737	
Member Mo		12	-	12		1,838	11,311	39,133	7,071	46,204		-			-			-			-	48,618	8,909	
	Polices or Certificates (Plans with PD benefits)	1	-			-	165	31	-	31				-	-	-	-	-	-	-	-	197	-	
	f Covered Lives (Plans with PD benefits) fonths (Plans with PD benefits)	1	-	10	702	140		3,233	597	3,830				-	-	-	-	-	-	-	-	3,936	737	
Member Mc	ionths (Plans with PD benefits)	12	-	12	9,473	1,838	11,311	39,133	7,071	46,204	-		-	-	-	-	-	-	-	-	-	48,618	8,909	
Premiums/Clai	aims																							
Premium		2,874		2,874		690,328		15,721,439	2,863,457	18,584,896		-			-						-	19,382,569	3,553,785	22
Claims/Med	edical Expenses	1,660	-	1,660	3,100,638	454,637	3,555,275	14,393,951	2,773,596	17,167,547					-			-			-	17,496,249	3,228,233	2
Inpatient Facili	lity																							
Hospital																								
1 In-state	e	-	-	-	441,217	49,217	490,434	2,717,530	156,826	2,874,356		-			-			-			-	3,158,748	206,043	3
2 Out-of-s	-state	-	-	-	52,816	12,154	64,969	487,911	347,844	835,755		-			-			-			-	540,726	359,998	
3 Total (I	Lines 1 + 2)	-	-	-	494.033	61,371	555,404	3,205,441	504,670	3,710,111	-		-	-	-	-	-	-	-	-	-	3,699,474	566,041	
SNF					.5 .,500	,	,	-,,	22.,270	**********				-								.,,	,- 11	
4 In-state	e	-	-	-	7,542	-	7,542	25,612	5,624	31,236		-			-			- 1			- 1	33,154	5,624	
5 Out-of-s		-	-	-	- 1,0	-	- 1,0		-	-		-			-			-			-	-		
	Lines 4 + 5)	-	-	-	7,542	-	7,542	25,612	5,624	31,236	-			-	-	-	-	-	-	-	-	33,154	5,624	
Other	·									,	-			•									-7-	
7 In-state	e	-	-	-	-	-	-	1,167	-	1,167		-			-			-			-	1,167	-	
8 Out-of-s	-state	-	-	-	-	-	-	-	12,761	12,761		-			-			-			-	-	12,761	
	Lines 7 + 8)	-	-	-	-	-	-	1,167	12,761	13,928	-		-	-	-	-	-	-	-	-	-	1,167	12,761	
	Facility (Lines 3 + 6 + 9)	-	-	-	501,575	61,371	562,946	3,232,220	523,056	3,755,276	-		-	-	-	-	-	-	-	-	-	3,733,795	584,427	
•											·		•											
Outpatient Fac	cility																							
Hospital																								
11 In-state	e	-	-	-	514,964	32,443	547,407	2,837,431	178,261	3,015,692		-			-			-			-	3,352,396	210,704	
12 Out-of-s	-state	-	-	-	117,047	54,151	171,198	200,349	484,800	685,149		-			-			-			-	317,396	538,951	
13 Total (L	Lines 11 + 12)	-	-	-	632,011	86,594	718,605	3,037,780	663,061	3,700,842	-		-	-	-	-	-	-	-	-	-	3,669,791	749,655	
SNF																								
SINI	e	-	-	-	-	-	-	-	-	-		-			-			-			-	-	-	
14 In-state	-state	-	-	-	-	-	-	-	-	-		-			-			-			-	-	-	
14 In-state 15 Out-of-s			-	-	-	-	-	-	-	-	-			-	-	-	-	,		-	-	-	-	
14 In-state 15 Out-of-s 16 Total (L	Lines 14 + 15)	-																						
14 In-state 15 Out-of-s 16 Total (L Freestanding Am	nbulatory Care Facility	-					165,515	586,997	48,705	635,702		-			-			-			-	747,250	53,967	
14 In-state 15 Out-of-s 16 Total (L Freestanding Am 17 In-state	nbulatory Care Facility e	-	-	-	160,253	5,262									-		_	-			-	168,850	101.890	
14	mbulatory Care Facility e -state		-	-	42,588	11,594	54,182	126,262	90,297	216,558		-												
14	nbulatory Care Facility e	-					54,182		90,297 139,002	216,558 852,260	-			-	-	-	-	-	-	-	-	916,100	155,858	
14	mbulatory Care Facility e -state	- - -	-	-	42,588 202,841	11,594	54,182 219,698	126,262 713,259	139,002	852,260	-			-	=	-	-	-	-	-	-	916,100	-	
14	nbulatory Care Facility e e state Lines 17 + 18)		-	1,420	42,588 202,841 109,081	11,594 16,856 7,179	54,182 219,698 116,260	126,262 713,259 617,925	139,002	852,260 628,476	-		-	-	-	-	-	-	-	-	-	916,100	17,731	
14	nbulatory Care Facility e -state Lines 17 + 18) e e e e e e e e	1,420	-	1,420	42,588 202,841 109,081 15,956	11,594 16,856 7,179 30,833	54,182 219,698 116,260 46,788	126,262 713,259 617,925 130,386	139,002 10,551 109,966	852,260 628,476 240,352	-		-	-	-	-	-		-	-		916,100 728,426 146,342	17,731 140,799	
14 In-state 15 Out-of-s 16 Total (L Freestanding Am 17 In-state 18 Out-of-s 19 Total (L Other 20 In-state 21 Out-of-s 21 Total (L	nbulatory Care Facility e e state Lines 17 + 18)	- - - - 1,420	-	1,420	42,588 202,841 109,081 15,956 125,037	11,594 16,856 7,179 30,833 38,012	54,182 219,698 116,260 46,788 163,048	126,262 713,259 617,925	139,002	852,260 628,476			-	-	-	-	-	-	-	-	-	916,100	17,731	1 6

5	Primary Care 24 Total Primary Care	-	-	-	236,566	66,277	302,843	878,870	153,449	1,032,319			-			-		-		-	1,115,436	219,726	1,335,162
6	Pharmacy 25 Total Pharmacy			-	560,457	63,013	623,470	2,500,130	482,738	2,982,868			-			-		-		-	3,060,587	545,750	3,606,337
	Medical/Surgical other than primary care	107		107	500,447	25.883	526,330	1,872,922	107,942	1,980,864											2,373,477	122 024	2,507,301
7	27 Out-of-state 28 Total Other Medical/Surgical (Lines 26 + 27)	- 107	-	107	100,752 601,200	54,851 80,734	155,604 681,934	328,431 2,201,353	377,542 485,484	705,973 2,686,837	-	-	-	-	-	-	-		-		429,183 2,802,660	133,824 432,394 566,218	861,577 3,368,878
8	All other payments to medical providers	133	-	133	240,951	41,780	282,732	1,082,028	206,290	1,288,317			-			- 1		-		-	1,323,112	248,070	1,571,182

2012 Rate Review Process Areas of Medical Expense Variation

Introductory Remarks

The stated goal of this exercise is to improve OHIC's understanding of the drivers of rising medical spending in Rhode Island by comparing the experience of the issuer's Rhode Island member base to a benchmark. For the purposes of this analysis, we have used our 2011 fully insured MA HMO experience as the benchmark. However, given the size of Tufts Health Plan's membership base in Rhode Island, the results of this comparative analysis will have limited credibility. Our relative costs by area of care have changed significantly in Rhode Island from year to year and are expected to continue to be volatile as our population in this market grows. Although we have commented on the probable causes of each variation listed, these fundamentally reflect a small, immature market compared to a much larger, more mature benchmark and should be interpreted with caution.

1. The top five areas of care, based on per capita total dollar value positive variation from the benchmark

		PMPM		
	Total Excess	Excess		
Area of Care	Spending	Spending	Comments on Estimated Cause	
INPATIENT ACUTE MED/SURG	\$1,339,638	\$23.29	Attributable to higher utilization (both admits and ALOS), rather than unit cost.	
			igh cost claimants identified as having a disproportionately large impact.	
			The higher number of admits may be a consequence of lower than benchmark outpatient professional care.	
PHARMACY - Rx MM	\$717,042	\$12.46	Attributable to higher utilization across tiers and therapeutic classes.	
			Higher utilization driven by more members in RI having prescriptions filled than in the benchmark population, rather than a higher number	
			of prescriptions per member.	
OUTPATIENT LABORATORY	\$558,538	\$9.71	Capitation strategy applied in the benchmark population successfully contains cost.	
OUTPATIENT INJECTIONS	\$425,609	\$7.40	Driven primarily by a difference in payment methodology between RI and the benchmark population. Injection claims in RI are reimbursed	
			on a fee for service basis while in the benchmark population they are reimbursed on a fee for service basis or bundled into an outpatient	
			surgery case payment. More than 50% of the higher RI utilization is associated with outpatient surgery claims, which would not be	
			separately identified in the benchmark population.	
OUTPATIENT EMERGENCY ROOM	\$406,508	\$7.07	Attributable primarily to a higher cost per emergency room encounter. This higher cost per encounter is driven less by higher unit cost in RI	
			and more by the higher number of services delivered within an emergency room encounter compared to the benchmark.	

2. The top five areas of care, based on the percent of positive variation in per capita spending from the benchmark

	Percent of	Total	
	Positive	Excess	
Area of Care	Variation	Spending	Comments on Estimated Cause
OUTPATIENT INJECTIONS	158%	\$425,609	Driven primarily by a difference in payment methodology as described above.
FREE STANDING HIGH COST RADIOLOGY	124%	\$130,764	Higher utilization of allied health facilities, along with lower Outpatient Hospital High Cost Radiology utilization, reflects appropriate re-
(MRI, PET, CT)			direction of care to lower cost providers.
OUTPATIENT LABORATORY	96%	\$558,538	Capitation strategy applied in the benchmark population successfully contains cost.
INPATIENT OTHER	74%	\$117,886	Driven by Mental Health/Substance Abuse services. Capitation strategy for inpatient Mental Health/Substance Abuse within the benchmark
			population effective at containing costs.
OUTPATIENT EMERGENCY ROOM	63%	\$406,508	Attributable primarily to the number of services delivered within an emergency room encounter, as described above.



Provider Contracting Practices and Hospital Contracting Conditions Verification Questionnaire

Background

The Health Insurance Advisory Council (HIAC) to the State of Rhode Island Office of the Health Insurance Commissioner (OHIC) has promulgated Affordability Standards for commercial health insurance issuers in Rhode Island.

Health plans will improve the affordability of health care in Rhode Island by focusing their efforts upon provider payment reform, beginning with primary care. Achievement of this goal will not add to overall medical spend in the short-term, and is expected to produce savings thereafter. Specific areas of focus in support of this goal are as follows:

- 1. Expand and improve the primary care infrastructure in the state—with limitations on ability to pass on cost in premiums
- 2. Spread Adoption of the "Chronic Care Model" Medical Home
- 3. Standardize electronic medical record (EMR) incentives
- 4. Work toward comprehensive payment reform across the delivery system

To support standard four, OHIC has previously issued six conditions for issuer contracts with hospitals in Rhode Island, to be implemented by issuers upon contract execution, renewal, or extension. These are as follows:

- 1. Utilize unit of service payment methodologies for both inpatient and hospital outpatient services that realign payment to provide incentives for efficient use of health services, and are derived from nationally utilized payment practices other than fee for service.
- 2. Limit average annual effective rates of price increase for both inpatient and outpatient services to a weighted amount equal to or less than the Centers for Medicare and Medicaid Services (CMS) National Prospective Payment System Hospital Input Price Index ("Index"), for all contractual and optional years covered by the contract
- 3. Provide the opportunity for hospitals to increase their total annual revenue for

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

commercially insured enrollment under the contract by at least additional two percentage points over the previous contract year by improving or attaining mutually agreed-to performance levels for no less than three nationally-accepted clinical quality, service quality or efficiency-based measures.

- 4. Include terms that define the parties' mutual obligations for greater administrative efficiencies
- 5. Include terms that promote and measure improved clinical communications between the hospital and each patient/member's designated primary care physician, specialist physicians, long term care facility, or other providers.
- 6. Include terms that explicitly relinquish the right of either party to contest the public release of the any and all of these five specific terms by state officials or the participating parties to the agreement.

The purpose of this questionnaire is to assess compliance with standard four of the Affordability Standards and to consider the responses in connection with OHIC's 2012 small and large employer group rate factor review process for commercial health insurance issuers in Rhode Island.

Directions

- 1. Please fill out all parts of questionnaire.
- 2. As no providers are identified and no financial details are solicited, none of this information will be considered proprietary or confidential. Should any information or document be considered confidential by the filer, the filer must request approval of the Health Insurance Commissioner. The request must identify the specific information or document (or portion thereof) which the filer considers confidential, accompanied by a factual and legal analysis supporting the request.
- 3. Questionnaire responses must be verified by filing those portions of each hospital contract which support the survey response. An index or other method of reference must be included to identify which hospital contract documentation relates to each survey response. Any contract excerpts provided will be summarized for review.
- 4. Please contact OHIC with any questions.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407 (401) 462-9640

(401) 462-9645 (Fax)

www.ohic.ri.gov

THIS INFORMATION IS A TRADE SECRET AND MAY NOT BE DISCLOSED TO THIRD PARTIES WITHOUT TUFTS HEALTH PLAN'S PERMISSION

General comment:

Tufts Health Plan has a long standing commitment to investment in payer-provider incentive alignment, and we maintain hospital and physician incentive programs that apply to the vast majority of our network providers. As a relatively new entrant into the RI market, we are at an early stage of incorporating incentive mechanisms into our RI provider contracts. Provider incentive will be a key component of our contracting strategy as we grow our presence in the state of RI.

Tufts Health Plan requests that the information provided in response to this survey be deemed to constitute "trade secrets" within the meaning of the term in section 38-2-2(4)(i)(B) of the Rhode Island General Laws. We have included a footer stating "THIS INFORMATION IS A TRADE SECRET AND MAY NOT BE DISCLOSED TO THIRD PARTIES WITHOUT TUFTS HEALTH PLAN'S PERMISSION".

Finally, due to the questionable reliability of certain information provided in our responses, which is explained in further detail below, it is Tufts Health Plan's expectation and understanding that the information provided in this Provider Survey will not be used or considered in OHIC's review of Tufts Health Plan's rates.

Part 1. Hospital Inpatient Services

- Please fill out one row in the chart below for each general service institution (no specialty care, no rehab) with whom you contract in RI.
- Institution means hospital system if all contractual terms other than \$ amounts apply identically across all inpatient facilities in the contract.
- Incentives refer to activities or measures resulting in additional payments by the insurer.

	Duration of Current		Does Contract have				
	Contract since inception		provision for additional			Does this contract comply with	
	or last renewal,	Unit of Payment for	outlier payments and/or	Are there Quality or Customer	Utilization Incentives in	OHIC's July 2011 Rate Factor	
Institution/	whichever is later	Services (check all	severity adjusters (y/n)	Service Incentives in Contract	Contract: (check all that	Decision – Additional	
System	(years)	that apply)	and any comments	(y/n) ¹ ?	apply)	Conditions? ²	Comments

¹ Examples include supplemental payments beyond base fees for Bridges to Excellence Measure, Medicare Compare measures, HIT adoption, or customer satisfaction measures.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

www.ohic.ri.gov

THIS INFORMATION IS A TRADE SECRET AND MAY NOT BE DISCLOSED TO THIRD PARTIES WITHOUT TUFTS HEALTH PLAN'S PERMISSION

² Attach analysis and relevant documentation from contracts to demonstrate compliance status.

Institution/ System 1	Duration of Current Contract since inception or last renewal, whichever is later (years) 3 Years	Unit of Payment for Services (check all that apply) X DRG X Per Diem% of Charges Bundled Services Capitation or other budgetingOthers (please specify)	Does Contract have provision for additional outlier payments and/or severity adjusters (y/n) and any comments	Are there Quality or Customer Service Incentives in Contract (y/n)¹? No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. ³	Utilization Incentives in Contract: (check all that apply) admission reductions day reductions process/structural changes (e.g. discharge practices)Others (please specify)	Does this contract comply with OHIC's July 2011 Rate Factor Decision – Additional Conditions? ² N/A (Contract has not been renegotiated)	Comments
2	3 Years	x_DRG x_Per Diem% of Charges Bundled Services Capitation or other budgetingOthers (please specify)	Yes to additional outlier provision	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0.5~1.0%	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	
3	3 Years	DRGPer Diem _x % of Charges Bundled Services	No	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality	admission reductions day reductions Others (please specify)	N/A (Contract has not been renegotiated)	

³ % for Incentive Payments plus % for Services = 100%. Incentive payments not specified for inpatient or outpatient should be classified as inpatient.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Institution/ System	Duration of Current Contract since inception or last renewal, whichever is later (years)	Unit of Payment for Services (check all that apply) Capitation or other budgetingOthers (please specify)	Does Contract have provision for additional outlier payments and/or severity adjusters (y/n) and any comments	Are there Quality or Customer Service Incentives in Contract (y/n)¹? incentive payments. 0.1~0.5%	Utilization Incentives in Contract: (check all that apply)	Does this contract comply with OHIC's July 2011 Rate Factor Decision – Additional Conditions? ²	Comments
4	2 Years	DRG _x_Per Diem% of Charges Bundled Services Capitation or other budgetingOthers (please specify)	Yes to additional outlier provision	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	
5	3 Years	DRGPer Diem x % of ChargesBundled Services Capitation or other budgetingOthers (please specify)	No	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	
6	3 Years	DRGPer Diem _x % of ChargesBundled	No	No If yes - % of total payments for inpatient services in CY	admission reductions day reductions Others (please specify)	N/A (Contract has not been renegotiated)	

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Institution/ System	Duration of Current Contract since inception or last renewal, whichever is later (years)	Unit of Payment for Services (check all that apply) Services Capitation or other budgetingOthers (please	Does Contract have provision for additional outlier payments and/or severity adjusters (y/n) and any comments	Are there Quality or Customer Service Incentives in Contract (y/n)¹? 2011 spent on quality incentive payments.	Utilization Incentives in Contract: (check all that apply)	Does this contract comply with OHIC's July 2011 Rate Factor Decision – Additional Conditions? ²	Comments
7	1 Year	specify) DRGYer Diem% of ChargesBundled ServicesCapitation or other budgetingOthers (please specify)	Yes to additional outlier provision	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments 0-2%	_X_ admission reductions _X day reductionsOthers (please specify)	Yes, please see attached	
8	3 Years	DRG _x_Per Diem% of ChargesBundled Services Capitation or other budgetingOthers (please specify)	Yes to additional outlier provision	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	

Additional Questions for Hospital Inpatient Services

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

1. List the five most common areas of quality and service incentives in your company's inpatient contracts:

(These measures apply to our hospital contracts that combine inpatient and outpatient services.)

- i. Joint Commission measures (e.g., AMI, CHF, pneumonia)
- ii. Leapfrog measures (e.g., CPOD, ICU staffing)
- iii.Prevention of "Never Events"
- iv. Surgical infection rates
- v. Readmission rates
- 2. Estimated Percent of total payments to RI Hospitals for inpatient services in CY 2011 spent on quality incentive payments. 0.1~1%
- 3. Estimated Percent of total payments to RI Hospitals for inpatient services in CY 2011 paid through units of service based on efficient resource use (i.e DRG, Capitation, Bundled Service or partial/global budgeting): <5%
- **4.** Estimated Payments in first six months of CY 2011 for Inpatient Services to Hospitals as % of what Medicare would have paid for similar set. of services: See comment (add comments or caveats)

For inpatient services Tufts Health Plan does not currently have the technical capability to benchmark to Medicare IPPS reimbursement. Conducting such analysis would require incremental time, resources and technical capabilities. Benchmarking Tufts Health Plan inpatient payments to Medicare IPPS may yield volatile and potentially unreliable results due to a) differences in reimbursement methodology (Tufts Health Plan reimburses the majority of inpatient claims on either a Per Diem or Percent of Charge basis); b) our relatively small volume of business in Rhode Island; c) mix of services; and d) chargemaster levels to some of the hospitals in Rhode Island. Additionally, it is our belief that a Medicare comparison for some hospitals that perform very specific services, like Obstetrics, will not result in a comparison that is useful and may lead to unintended and/or misinterpreted conclusions.

Other Comments on Quality/Efficiency Incentives in Hospital Inpatient Contracting:

Part 2. Hospital Outpatient Services

- Please fill out one row in the chart below for each general service institution (no specialty care, no rehab) with whom you contract in RI.
- Institution means hospital system if all contractual terms other than dollar amounts apply identically across all inpatient facilities in the contract.
- Outpatient Services include any services not involving an admission and covered under the contract with the institution.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System
State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

www.ohic.ri.gov

Institution/ System	Unit of Payment for Outpatient Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁴ ?	Utilization Incentives in Contract: (check all that apply)	Comments
1	 x_Procedure-based methodology – using plan, provider or industry coding. APC Code Other (please specify) 	No If yes - %of total payments for inpatient services in CY 2011 spent on quality incentive payments. ⁵	Visit/Volume Reduction Others (please specify)	
2	 X Procedure-based methodology – using plan, provider or industry coding. APC Code Other (please specify) 	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0.5~1.0%	Visit/Volume Reduction Others (please specify)	
3	 x_Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0.1~0.5%	Visit/Volume Reduction Others (please specify)	
4	 x_Procedure-based methodology – using plan, provider or industry coding. APC Code Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality	Visit/Volume Reduction Others (please specify)	

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

⁴ Examples include supplemental payments beyond base fees for structural changes such as HIT, process measures or customer satisfaction.
⁵ % for Incentive Payments plus % for Services = 100%. Incentive payments not specified for inpatient or outpatient should be classified as inpatient.

Institution/ System	Unit of Payment for Outpatient Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁴ ? incentive payments.	Utilization Incentives in Contract: (check all that apply)	Comments
5	 X Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	
6	 X Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	
7	 X Procedure-based methodology – using plan, provider or industry coding. APC Code Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	
8	 X Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	

Additional Questions for Hospital Outpatient Services

1. List the five most common areas of quality and service incentives in your company's hospital outpatient contracts:

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

(These measures apply to our hospital contracts that combine inpatient and outpatient services.)

- i. Joint Commission measures (e.g., AMI, CHF, pneumonia)
- ii. Leapfrog measures (e.g., CPOD, ICU staffing)
- iii.Prevention of "Never Events"
- iv.Surgical infection rates
- v. Readmission rates

2.	Percent of total pa	syments to RI Hos	pitals for outpatier	nt services in CY 2011 s	pent on qualit	ty incentive pa	yments.	0.1~1%	
----	---------------------	-------------------	----------------------	--------------------------	----------------	-----------------	---------	--------	--

- 3. Percent of total payments to RI Hospitals for outpatient services in CY 2011 paid through units of service based on efficient resource use (i.e APC, Bundled Services or partial/global budgeting): ____n/a______
- 4. Estimated Payments in first six months of CY 2011 for Outpatient Services to Hospitals as % of what Medicare would have paid for similar set. of services: 222% (i.e. 122% over Medicare Reimbursement) (add comments or caveats)

For Outpatient Services, Tufts Health Plan has the technical capabilities to perform the required benchmarking analysis to Medicare; however, we have concerns about the confidence level in the accuracy of the supplied benchmark. Our concerns are due to a) the allowed reimbursement at a claim level was compared to fee information obtained from OPPS and CMS ancillary schedules such as Clinical Lab, DME etc.; b) we are not able to reprocess our claims through an OPPS Grouper and were limited to a line level reprice based on OPPS/Ancillary fees which means that exact Medicare reimbursement can only be approximated; c) Procedures that do not have a fee on OPPS/Ancillary schedules, or are billed in a different manner to Medicare (e.g., observation) were dropped from the analysis.

Additionally, Tufts Health Plan has concerns that the results may be skewed due to a few high-volume hospitals and the large number of providers reimbursed on a percent of charges basis – factors that may distort the data due to particular mix of services and chargemaster levels of PAF providers. Based on the concerns listed above it is our belief that a Medicare comparison might not result in a benchmark that is useful and could lead to unintended and/or misinterpreted conclusions that if made public could impact certain contract negotiations by putting upward pressure on unit costs.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Other Comments on Quality/Efficiency Incentives in Hospital Outpatient Contracting:

Part 3: Professional Groups

- "Professional Groups" is defined as non institutional/non facility groups with a valid contract and a single tax id number.
- Please provide information for the top 10 groups (measured by \$ paid in 2011), filling in one row per group (10 rows in the table total).

Group	Specialty Type	Unit of Payment for Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁶ ?	Utilization Incentives in Contract: (check all that apply)	Comments
1	Multi- specialty	x Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 7	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
2	Multi- specialty	_X_ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction use of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
3	Multi- specialty	_ X _ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code	No If yes - % of total payments for inpatient services in CY 2011 spent	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care	

⁶ Examples include supplemental payments beyond base fees for EMR adoption, structural changes, accreditation, process measures or patient satisfaction.

⁷ % for Incentive Payments plus % for Services = 100%. Incentive payments not specified for inpatient or outpatient should be classified as inpatient.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System State of Rhode Island Office of the Health Insurance Commissioner

> 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920-4407 (401) 462-9640 (401) 462-9645 (Fax)

Group	Specialty Type	Unit of Payment for Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁶ ?	Utilization Incentives in Contract: (check all that apply)	Comments
		Full/ Partial Capitation Other (please specify)	on quality incentive payments	use of pharmacy services Others (please specify)	
4	Sub - Specialty	_X_ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
5	Primary Care	_ X _ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. ———	Visit/Volume Reduction use of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
6	Primary Care	_X_Procedure-based methodology – using CPT, plan, provider or other codingAPC Code _Full/ Partial Capitation _Other (please specify)	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0~5%	 X Visit/Volume Reduction use of ancillary/referred services use of diagnostic tests overall efficiency of care x use of pharmacy services x Others (please specify) 	Quality/Member Satisfaction
7	Sub - Specialty	_ X _ Procedure-based methodology – using CPT, plan,	No	Visit/Volume Reductionuse of ancillary/referred services	

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Group	Specialty Type	Unit of Payment for Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁶ ?	Utilization Incentives in Contract: (check all that apply)	Comments
		provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
8	Sub - Specialty	_X_Procedure-based methodology – using CPT, plan, provider or other codingAPC CodeFull/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
9	Multi- specialty	_X_ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred servicesuse of diagnostic testsoverall efficiency of careuse of pharmacy servicesOthers (please specify)	
10	Multi- specialty	_X_Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Additional Questions for Professional Groups

- 1. List the five most common areas of quality and service incentives in your company's professional group contracts:
 - i. HEDIS (diabetes, breast cancer screening, colonoscopy, etc.)
 - ii. HCHAPS
 - iii. EMR adoption
 - iv. Inpatient and ER use
 - v. Rx Management
- 2. Percent of total payments to these ten professional groups in CY 2011 spent on quality incentive payments. ___<1%____
- 3. Percent of total payments to these ten professional groups in CY 2011 paid through units of service based on efficient resource use (i.e APC, Bundled Services or partial/global budgeting): ___n/a____
- 4. Estimated Payments in first six months of CY 2011 for Professional Group Services as % of what Medicare would have paid for similar set. of services: 122% (i.e. 22% over Medicare Reimbursement) (add comments or caveats)

The analysis was conducted using a claim line level comparison between allowed reimbursement and Medicare fee information obtained from RBRVS tables as well as Medicare ancillary schedules such as clinical lab, DME etc. Anesthesia services were also included. Procedures that Medicare does not reimburse but supplies RVU information for, such as preventive medicine and consults codes, are included at the RVU level rate for the Medicare comparison. Claims lines that do not have RBRVS/Ancillary schedule information were dropped from the analysis.

Additionally, Tufts Health Plan has concerns that the results may be skewed due to particular mix of services for providers. Based on the concerns listed above it is our belief that a Medicare comparison might not result in a benchmark that is useful and could lead to unintended and/or misinterpreted conclusions that if made public could impact certain contract negotiations by putting upward pressure on unit costs.

Other Comments on Quality/Efficiency Incentives in Professional Group Contracting:

Selected Contract Sections Showing Compliance To OHIC Conditions

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Effective for dates of service on or after January 1, 2011

Office of the Health Insurance Commissioner Conditions

<u>Pay-For-Performance:</u> [Redacted] is available for the Hospital to earn based upon quality and/or efficiency measures [redacted].

<u>Case Rates:</u> In the event [redacted] parties agree to meet to discuss the potential to transition to efficiency based payment methodologies (e.g., DRG, APC) in a manner that [redacted].

<u>Administrative Efficiency:</u> Tufts Health Plan agrees to assign a Contract Specialist to provide ongoing contract related support through the term of the agreement to help mitigate contract related issues.

The Hospital agrees to work with and communicate issues to the Contract Specialist on an ongoing basis and work in good faith to resolve contract related issues in a timely manner.

<u>Communication</u>: During calendar year 2011 parties agree to formalize clinical communication that promotes and measures improved clinical communications between the hospital and each patient/member's designated primary care physician, specialist physicians, long term care facility, or other providers.

<u>Public Release of Contract Terms:</u> Parties agree to allow the public release of terms outlined in this agreement if compelled by State regulatory authorities.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System
State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

1. Please provide an excel spreadsheet in the following format, detailing the 2011 actual and 2013 requested small and large group administrative costs pmpm, allocated among the NAIC- financial statement administrative cost categories. Please explain any significant changes from the financial filing for 2011 (increases/decreases of more than five percent in a particular category).

	2011 Actual (fr	om filed financial				
RI Insured HMO	state	ments)	2013 P	roposed	% Char	nge
						Large
	Small Group	Large Group	Small Group	Large Group	Small Group	Group
Total Estimated Member						
Months	4,509	18,246	4,480	19,600	-0.6%	7.4%
Total Estimated Premiums						
(\$pmpm)	\$378.21	\$397.92	\$420.71	\$442.55	11.2%	11.2%
Total General Administrative						
Expense	\$41.82	\$41.20	\$47.08	\$44.89	12.6%	9.0%
Total Cost Containment						
Expense	\$10.43	\$9.64	\$10.17	\$10.17	-2.5%	5.5%
Total Other Claim Adjustment						
Expense (\$pmpm)	\$7.99	\$7.38	\$7.79	\$7.79	-2.5%	5.5%
Breakdown of General Adminis	strative Expense	(\$pmpm)				
a. Payroll and benefits	\$2.94	\$2.72	\$2.87	\$2.87	-2.5%	5.5%
b. Outsourced Services (EDP,						
claims etc.)	\$0.09	\$0.09	\$0.09	\$0.09	-2.5%	5.5%
c. Auditing and consulting	\$8.02	\$7.42	\$7.82	\$7.82	-2.5%	5.5%
d. Commissions	\$13.59	\$14.62	\$15.35	\$13.15	12.9%	-10.0%
e. Marketing and Advertising	\$1.76	\$1.63	\$1.72	\$1.72	-2.5%	5.5%
f. Legal Expenses	\$0.17	\$0.16	\$0.16	\$0.16	-2.5%	5.5%
g. Taxes, Licenses and Fees	\$7.56	\$7.96	\$11.99	\$11.99	58.5%	50.6%
h. Reimbursements by						
Uninsured Plans	\$0.00	\$0.00	\$0.00	\$0.00	0.0%	0.0%
i. Other Admin Expenses	\$7.68	\$6.62	\$7.09	\$7.09	-7.7%	7.1%

Notes

2. Please also provide an excel spreadsheet in the following format; detailing actual calendar year 2007-2011 fully insured commercial administrative costs, in accordance with the following table. This should be consistent with the annual statement filings to OHIC for administrative costs, providing additional detail on the components of administrative costs using the categories defined by NAIC financial statement and as allocated to commercially insured business only. Specifically, the information provided should agree with the "Exhibit of Premiums, Enrollment and Utilization" and the "Analysis of Operations by Line of Business" schedules included in the Annual Statements on file with OHIC. Where there are variance, a reconciliation and explanation should be provided.

Fully Insured Commercial Administrative Cost History

RI Insured HMO	2007	2008	2009	2010	2011
Total Premiums			1,212,134	6,544,977	8,965,746
Total General Administrative					
Expense			192,865	732,653	940,237
General Admin Exp. Ratio			15.9%	11.2%	10.5%
Total Fully Insured Member					
Months			3,878	18,547	22,755
General Administrative					
Expense (\$pmpm)			\$49.73	\$39.50	\$41.32
Breakdown of General Adminis	trative Evnens	o (\$nmnm)			
a. Payroll and benefits	trative Experis	е (фриции) Г	\$3.37	\$2.49	\$2.76
b. Outsourced Services (EDP,			ψ5.57	Ψ2.43	Ψ2.70
claims etc.)			\$0.01	\$0.01	\$0.09
c. Auditing and consulting			\$5.92	\$4.93	\$7.54
d. Commissions			\$11.74	\$16.10	\$14.41
e. Marketing and Advertising			\$2.52	\$1.72	\$1.66
f. Legal Expenses			\$0.08	\$0.11	\$0.16
1 3 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1			70.00	*****	44
g. Taxes, Licenses and Fees			\$6.25	\$7.06	\$7.88
h. Reimbursements by					
Uninsured Plans			\$0.00	\$0.00	\$0.00
i. Other Admin Expenses			\$19.85	\$7.03	\$6.83
0			20,000	450 470	202.007
Cost Containment Expense			20,663	158,478	222,967
Other Claim Adjustment			07.404	454.040	470 707
Expense			27,194	151,819	170,707
Total Self Insured Member					
Months for all Affiliated					
Companies doing business in					
RI			113,694	0	662

Notes:

^{1.} The expense in any given administrative category may vary from year to year due to the small size of Tufts Health Plan's HMO block of business in Rhode Island. In aggregate, however, total admin has increased less than about 3% per year.

^{1.} Total premiums for 2010 differ from the aggregate amount submitted in last year's filing, but are consistent with the individual small and large group figures submitted last year.

RI Insured HMO

- 3. At the request of OHIC's Health Insurance Advisory Council, please provide brief answers to the following questions
- In general and net of new taxes and fees, why should the rate of increase in Health Plan administrative costs exceed the general inflation rate?

Administrative expenses in total in a given year are adjusted for inflation, membership growth or loss and increases or decreases in corporate projects, which are often driven by regulatory requirements and government mandates. As a general practice, to set administrative expense targets for the annual financial plan, fixed administrative costs are grown at an inflationary rate. Variable administrative costs are then developed by applying inflation to the variable pmpm rate and then multiplying the inflated pmpm rate by planned member months. While those are the initial steps to develop targets, each administrative function is reviewed in detail to identify potential administrative cost savings and targets are adjusted accordingly.

• What percentage of administrative costs does your organization consider fixed for the next five years? Provide detail by expense categories.

For the total company, we currently consider 58% of our costs fixed as follows:

Fixed Administrative Costs by Category:	
Network Management	2%
Sales and Marketing	4%
Clinical Services	5%
Operations	5%
IT & Business Effectiveness	8%
Corporate Projects	14%
Fixed Overhead and Other	<u>20%</u>
Total Fixed Administrative Expenses	58%

• What administrative services are used by fully insured members that are not used by self-insured clients (e.g. broker commissions) and what are the estimated total costs (\$pmpm) for those services?

Administrative costs for fully insured membership include expenses associated with medical cost containment (\$9.80 pmpm), whereas in most cases self-insured clients bear these costs directly. Broker commissions (\$14.41 pmpm) are also not applicable to most self-insured clients.

 What does your plan use as its pmpm benchmarks or price points for commercial insurance administrative costs and why? We periodically participate in the benchmarking survey used to develop the *Sherlock Expense Evaluation Reports* (SEER) which are viewed as the definitive benchmarks for the functional areas of health plan administration. The Sherlock Expense Evaluation Reports (SEER) supply comprehensive and highly granular financial and operational metrics.



Health System Improvements Survey

The State of Rhode Island Office of the Health Insurance Commissioner Regulation 2 lists standards to be used by the Health Insurance Commissioner (Commissioner) for the assessment of the conduct of commercial health insurance issuers in Rhode Island for their efforts aimed at improving the efficiency and quality of health care delivery and increasing access to health care services. The standards include the following issuer activities:

- 1. Directing resources, including financial contributions, toward system-wide improvements in the state's health care system related to quality, access and efficiency, including providing support to local collaboratives, organizations, and initiatives that promote these three goals
- 2. Participating in the development and implementation of public policy issues related to health

To assist the Commissioner in this assessment, as part of the 2012 small and large employer group rate factor review process for commercial health insurance issuers in Rhode Island, please itemize and quantify your organization's contributions of finances and other material assets to these efforts in Rhode Island in calendar year 2011 in the following table.¹

System-wide Improvement Activity	Brief Description of Activity and How it Promotes Health Care System Quality, Access or Efficiency	Value of 2011 Issuer Contributions
Funding	Grants provided by the Tufts Health Plan Foundation and Community Relations to the following RI organizations to support wellness and safety initiatives	\$515,724
	Best Buddies International	
	Best Buddies Intergenerational College Project	
	Grant Amount: \$20,000	
	Mount St. Rita Health Centre	
	Blessings in a Back Pack	
	Grant Amount: \$5,000	
	Bethany Home of Rhode Island Inc.	

¹ The contributions can be to any entity other than a provider to improve medical and prevention services for all Rhode Islanders and to promote a coherent, integrated, and efficient statewide health care system.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920-4407 (401) 462-9640 (401) 462-9645 (Fax)

System-wide Improvement Activity	Brief Description of Activity and How it Promotes Health Care System Quality, Access or Efficiency	Value of 2011 Issuer Contributions
	Bethany Home Cares Grant Amount: \$43,036 • Homefront Health Care HIP-SAFE (Homefront Intervention to Prevent Slips & Falls in Elders) Grant Amount: \$59,438 • Rhode Island Free Clinic Inc. Healthy Lifestyles for Today and Tomorrow Grant Amount: \$60,000 • The Providence Center InShape Seniors Grant Amount: \$42,000 • Ocean State Center for Independent Living (OSCIL) Home Sweet Accessible Home Grant Amount: \$40,000 • Westbay Community Action Inc. Elder Safety Grant Amount: \$42,000 • Rhode Island Quality Institute Health Information Exchange Support Grant Amount: \$25,000 • EMR Payments \$179,250	
Participation in RI initiatives, programs and organizations	The goals of these programs, initiatives and organizations is to improve quality and/or transform primary care in the state: • CSI/Beacon (Project director, project manager, and nurse case manager support) \$38,329 • Value of Resource Time in Various Programs (Estimate of \$30,000 for 0.2 FTE for 2011) • RI DOH Medical Director meetings • RI Quality Partners Safe Transitions • RI Senate Commission on Hospital Payment Reform • RIQI Board of Directors • RI CSI Beacon Executive Committee	\$68,329

Thank you for your cooperation.

Tufts Associated Health Maintenance Organizations, Inc.

Large Group Rate Filing -- Effective Date January 1, 201:

Part 1. Historical Information

Experience Period for Developing Rates

From To 01/01/2009 12/31/2011

Utilization/Experience Data by Quarter (Last 12 Available Quarters)

								Incurred						Other				
					Incurred			Claims	Incurred			Quality	Other Cost	Claim	Other	Investment		
			Member	Earned	Claims	Incurred	Incurred Claims	Primary	Claims Other	Incurred		Improveme	Containmen	Adjustment	Operating	Income	Commission	Contribution
Quarter	End Date	IP Days	Months	Premium	Total	Claims IP	<u>OP</u>	Care	M/S	Claims Rx	Loss Ratio	nt Expense*	t Expense*	Expense*	Expense*	Credit	<u>s</u>	to Reserves
1 (Oldest)	03/31/2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2	06/30/2009	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3	09/30/2009	10	535	\$184,026	\$192,099	\$35,287	\$46,636	\$9,661	\$54,252	\$46,262	106.3%	\$3,460	\$1,792	\$3,129	\$17,887	N/A	\$5,392	(\$39,735)
4	12/31/2009	12	1,447	\$430,624	\$502,287	\$47,728	\$151,561	\$28,866	\$196,898	\$77,234	118.8%	\$9,359	\$4,848	\$8,464	\$48,380	N/A	\$14,583	(\$157,297)
5	03/31/2010	97	2,467	\$864,452	\$1,023,105	\$326,462	\$209,880	\$42,867	\$295,045	\$148,851	120.1%	\$15,527	\$7,277	\$12,705	\$61,151	N/A	\$36,360	(\$291,672)
6	06/30/2010	99	3,261	\$1,167,742	\$1,043,432	\$207,698	\$275,710	\$61,342	\$316,059	\$182,623	91.1%	\$20,524	\$9,619	\$16,793	\$80,832	N/A	\$48,062	(\$51,521)
7	09/30/2010	30	3,438	\$1,261,070	\$986,927	\$196,908	\$251,210	\$63,976	\$280,563	\$194,270	80.0%	\$21,638	\$10,141	\$17,705	\$85,220	N/A	\$50,671	\$88,769
8	12/31/2010	61	3,539	\$1,346,188	\$1,045,547	\$221,223	\$241,432	\$84,149	\$298,584	\$200,160	79.3%	\$22,274	\$10,439	\$18,225	\$87,723	N/A	\$52,160	\$109,820
9	03/31/2011	131	3,964	\$1,550,685	\$1,260,828	\$275,912	\$318,962	\$84,165	\$353,698	\$228,092	82.9%	\$24,785	\$23,748	\$23,614	\$101,776	N/A	\$58,303	\$57,630
10	06/30/2011	178	4,476	\$1,783,022	\$1,915,167	\$487,008	\$439,723	\$97,117	\$599,106	\$292,213	109.0%	\$27,986	\$26,816	\$26,664	\$114,922	N/A	\$65,833	(\$394,366)
11	09/30/2011	137	4,793	\$1,894,713	\$1,800,129	\$422,156	\$491,354	\$114,320	\$476,856	\$295,443	96.6%	\$29,968	\$28,715	\$28,552	\$123,061	N/A	\$70,496	(\$186,208)
12	12/31/2011	123	4,900	\$1,971,233	\$2,176,833	\$705,730	\$479,709	\$120,936	\$562,108	\$308,351	112.0%	\$30,637	\$29,356	\$29,190	\$125,808	N/A	\$72,069	(\$492,661)

^{*} These categories should conform generally to the reporting in the NAIC statement Underwriting & Investment Exhibit Part 3- Analysis of Expenses and/or to the Supplemental Health Care Exhibit, Lines 6.3 and 8.1 If any of the historical information reported is different from that period as reported in the prior rate filing, please provide a reconciliation and explanation showing the amount of each element of difference.

- 1. The Other Operating Expenses shown above include taxes, licenses and fees, which were excluded in previous fillings for the same time periods
- 2. Primary care claims definition has been revised to match the Primary Care Spend report
- 3. Expenses such as network access fee, COB and claims interest are moved from Other M/S claims to administrative expenses according to NAIC definition
- 4. Claims Total differences from the previous filings for the same time periods are due to updated IBNR factors that reflect more up to date claims payment, as well as the revision to the Other M/S claims definition 5. Loss ratio is calculated as (Incurred Claims Total + Quality Improvement Expense) / Earned Premium

Part 2. Prospective Information

A. 2013 Trend Factors for Projection Purposes (Annualized)

	<u>IP</u>	<u>OP</u>
Total	5.2%	6.7%
Price Only	3.6%	3.4%
Utilization	1.5%	3.2%
Other**		
Other**		
Other**		
Mainleta	00.40/	00.50

<u>IP</u>	<u>OP</u>	Primary Care	Other M/S	<u>Rx</u>	Weighted Total
5.2%	6.7%	5.4%	4.7%	4.7%	5.4%
3.6%	3.4%	3.3%	1.8%	0.8%	2.6%
1.5%	3.2%	2.0%	2.9%	3.9%	2.8%
		•	•		•
20.4%	26.5%	9.4%	26.3%	17.4%	100%

Weights ** All elements should add or compound to the total. If anything is to be reported as "Other" please provide a description.

2012 Trend Factors for Projection Purposes (Annualized)

					Autism		
	<u>IP</u>	<u>OP</u>	Primary Care	Other M/S	Mandate	<u>Rx</u>	Neighted Tota
Total	5.9%	7.6%	6.4%	4.8%	0.2%	0.3%	5.3%
Price Only	3.6%	3.7%	4.1%	1.3%		-3.6%	1.9%
Utilization	2.2%	3.8%	2.2%	3.5%		4.0%	3.3%
Other**							
Other**							
Other**							
		•	•				•
Weights	20.2%	24.7%	8.4%	29.3%		17.4%	100%

^{**} All elements should add or compound to the total. If anything is to be reported as "Other" please provide a description.

B. The following items for the period to which the rate filing applies, by quarter:

					Quality						
					Improvem	Other Cost		Other			
		Average %	Expected	Expected	ent	Containme	Other Claim	Operating	Average	Investment	
	Beginning	Rate	Pure Medical	Contribution to	Expense	nt Expense	Adjustment	Expense	Commissions	Income	Premium
Quarter	Date	Increase	Cost Ratio	Reserves %	<u>%*</u>	<u>%*</u>	Expense %*	<u>%*</u>	<u>%*</u>	Credit %	Tax %
1	01/01/2013	6.1%	86.4%	0.0%	1.6%	1.4%	1.4%	4.2%	3.0%	0.0%	2.0%
2	04/01/2013	5.8%	86.4%	0.0%	1.6%	1.4%	1.4%	4.2%	3.0%	0.0%	2.0%

3	07/01/2013	5.9%	86.4%	0.0%	1.6%	1.4%	1.4%	4.2%	3.0%	0.0%	2.0%
4	10/01/2013	6.1%	86.4%	0.0%	1.6%	1.4%	1.4%	4.2%	3.0%	0.0%	2.0%
Weighted	Average	6.0%	86.4%	0.0%	1.6%	1.4%	1.4%	4.2%	3.0%	0.0%	2.0%

					Quality						
					Improvem	Other Cost		Other			
		Average %	Expected	Expected	ent	Containme	Other Claim	Operating	Average	Investment	
	Beginning	Rate	Pure Medical	Contribution to	Expense	nt Expense	Adjustment	Expense	Commissions	Income	Premium
Quarter	Date	Increase	Cost Ratio	Reserves %	<u>%*</u>	<u>%*</u>	Expense %*	<u>%*</u>	<u>%*</u>	Credit %	Tax %
1	01/01/2012	3.4%	87.0%	0.0%	0.9%	0.7%	1.3%	5.1%	3.0%	0.0%	2.0%
2	04/01/2012	3.0%	87.0%	0.0%	0.9%	0.7%	1.3%	5.1%	3.0%	0.0%	2.0%
3	07/01/2012	4.0%	87.0%	0.0%	0.9%	0.7%	1.3%	5.1%	3.0%	0.0%	2.0%
4	10/01/2012	6.6%	87.0%	0.0%	0.9%	0.7%	1.3%	5.1%	3.0%	0.0%	2.0%
Weighted	d Average	4.2%	87.0%	0.0%	0.9%	0.7%	1.3%	5.1%	3.0%	0.0%	2.0%

^{*} These categories should conform generally to the reporting in the NAIC statement Underwriting & Investment Exhibit Part 3 - Analysis of Expenses and to the Supplemental Health Care Exhibit, Lines 6.3 and 8.1 The sum of the expenses, commissions, contributions to reserves, investment income credit, taxes and the medical loss ratio should be 100%.

C. Average Rate Increase Components

The following items should reconcile to the Weighted Average Percent Rate Increase for the year:

	<u>Price</u>	Utilization, Mix	Total
Hospital Inpatient Price	0.6%	0.3%	0.9%
Hospital Outpatient	0.8%	0.7%	1.5%
Primary Care	0.3%	0.2%	0.4%
Med/Surg Other Than Primary Care	0.4%	0.7%	1.1%
Pharmacy	0.1%	0.6%	0.7%
Administrative Expense (Aggregated)			0.6%
Contribution to Reserves			0.0%
Taxes and Assessments			0.1%
Legally Mandated Changes			0.0%
Prior Period Adjustment (+/-)			0.6%
Total			6.0%

Note:

Part 3. Retrospective Reconciliation of Experience with Filed Factors

			Filed Data ¹			PMPN	I Increase ²	Standard	l Plan PMPM ³	Standard Pl	an Increase⁴	Аррі	roved	Loss Ratio		
<u>Year</u>	Member Months	Earned Premium	Incurred Claims Total	Premium PMPM	Claims PMPM	Premium	<u>Claims</u>	Premium	Claims	Premium	Claims	Trend Increase%	Contrib to Reserves%	Actual%	Filed%	
2009	1,982	614,650	707,206	\$310.12	\$356.81			251.04	406.66			9.7%	0%	115.1%	87.0%	
2010	12,705	4,639,452	4,178,975	\$365.17	\$328.92	17.8%	-7.8%	256.39	236.35	2.1%	-41.9%	9.3%	0%	90.1%	87.0%	
2011	18,133	7,199,652	7,266,335	\$397.05	\$400.72	8.7%	21.8%	313.93	293.50	22.4%	24.2%	9.2%	0%	100.9%	87.9%	

¹ Corresponds to historical Information data in Part 1 above

Note

Due to the lack of credible experience, manual rates are developed by trending forward prior base rates to reflect trend changes. Therefore, depending on the timing of trend change, rate increases may be different from trend increase. The difference is reflected as Prior Period Adjustment above.

² Percent increase compared to prior year

³ For most commonly held plan of benefits in 2010 and for the same plan of benefits in 2011

⁴ Percent increase compared to prior year

^{1.} Filed loss ratio for CY 2011 is the sum of the expected pure medical cost ratio and expected quality improvement expenses % in 2011 rate factor filing

Rhode Island Health Statement Supplement

Cover Sheet

Tufts Associated Health Maintenance Organizations & Tufts Company Name

Insurance Company

Enter NAIC# 95688 & 60177 **Reporting Year** 2011

Enter DBR registration # (TPAs)



OFFICE OF THE **HEALTH INSURANCE COMMISSIONER**

STATE OF RHODE ISLAND

Office of the Health Insurance Commissioner 1511 Pontiac Ave, Building #69 first floor Cranston, RI 02920 (401) 462-9517 (401) 462-9645 (fax) HealthInsInquiry@ohic.ri.gov

			-			2		2	1	4					7		0		^		10		11	1
		1	1			2		3		4	5)	/	-+	ð	_	я		10	+	11	
																						1		
	Line of Business Exhibit																							
	Ellio di Buollicco Exilibit						Sto	p loss/ Excess												Other	Medical Nor	1-		
Field			hensive/Major n	nedical		ASO/TPA	los	s/Reinsurance		are Part C	Medicare F			lement Policies			Student blanket		ental Only		prehensive		I (Across all lines	of business)
		RI	Non-RI	All	RI	Non-RI /	All RI	Non-RI All	RI No	on-RI All	RI Non-R	All	RI Non	-RI All	RI Non-RI	All RI	Non-RI /	All RI	Non-RI All	RI	Non-RI A	All RI	Non-RI	All
	Membership Data																							
	Number of Polices or Certificates	197	-	197	1	-	1	-		-	91	91	3	- 3		-		-	-		-		292 -	292
	Number of Covered Lives	3,936	737	4,673	299	29	328	-		-	91	91	5	- 5		-		-					331 76	6 5,097
1	Member Months	48,618	8,909	57,527	603	59	662	-		-	1,062	1,062		- 60		-		-	-		-		343 8,96	8 59,311
	Number of Polices or Certificates (Plans with PD benefits)	197	-	197	1	-	1 -				91 -	91		- 3						-			292 -	292
	Number of Covered Lives (Plans with PD benefits) Member Months (Plans with PD benefits)	3,936	737	4,673 57.527	299	29	328 -		-		91 -	91	5	- 5			-			-			331 76	6 5,097
	Member Months (Plans with PD benefits)	48,618	8,909	57,527	603	59	662 -		-		1,062 -	1,062	60	- 60			-	- -		-		50,	343 8,96	8 59,311
	Premiums/Claims																							
2	Premium	19,382,569	3 553 785	22,936,354	162 614	18 088 18	0.702			1 - 1	146,221	1/6 221	23,160	- 23,160								19 714	564 3,571,87	3 23,286,437
	Claims/Medical Expenses	17,496,249		20,724,482				-		-	405,690		20,052	- 20,052		-		-	-		-		142 3,243,30	
		,,	0,220,200		,	,	.,				,	,	,	,							-	,,		
	Inpatient Facility																							
	Hospital																							
	1 In-state	3,158,748	206,043	3,364,791	17,550	- 1	7,550	-		-		-	-			-		-	-		-	- 3,176,2		
	2 Out-of-state	540,726	359,998	900,724	-	-	-	-	\perp	-		-	-			-	\perp	-	-		-	- 540,7		
	Total (Lines 1 + 2)	3,699,474	566,041	4,265,515	17,550	- 1	7,550 -	<u> </u>		- -			-		- -	- -	-	- -			- -	- 3,717,0	024 566,04	1 4,283,065
	SNF	22.454	E 604	20 770						1				1			1						154 50	4 20 770
3	4 In-state 5 Out-of-state	33,154	5,624	38,778	-	-	-	<u> </u>	-			-				-		-	-	-		- 33,	154 5,62	4 38,778
-	6 Total (Lines 4 + 5)	33,154	5,624	38,778	-		-	-				-	-			-		-		+		- 22	154 5,62	4 38,778
 	Other	33,134	5,024	30,770	- 1		- -			- -			-	- -	- -	- -	-	- -	- -			33,	54 5,62	4 30,770
	7 In-state	1,167	_	1,167			- 1	-		1 - 1			_									1	167 -	1,167
	8 Out-of-state	- 1,101	12,761	12,761	-	-	-	-		-		-	-			-		-	-		-		- 12,76	
	9 Total (Lines 7 + 8)	1,167	12,761	13,928	-	-			-			-	-				-			-		- 1.	167 12,76	
	10 Total Inpatient Facility (Lines 3 + 6 + 9)	3,733,795	584,427	4,318,222		- 1	7,550 -		-			-	-				-			-		- 3,751,3		
	- ' '																		•					
	Outpatient Facility																							
	Hospital							, ,																
	11 In-state	3,352,396	210,704	3,563,100			3,591	-		-		-	,	- 1,633		-		-	-		-	3,376,7		
	12 Out-of-state	317,396	538,951	856,347	1,088		2,922 6,512 -	-		-		-	-			-		-	-		-	- 318,4		
	13 Total (Lines 11 + 12)	3,669,791	749,655	4,419,447	23,763			- -	- 1			-	1,633	- 1,633			- 1					3,695,	188 752,40	4 4,447,593
	14 In-state					2,745 2	0,012													- 1	- 1 -			
-						2,149 2	0,012													-	- -		$\overline{}$	
				-	-	-	-	-		-						-					- -			-
. 	15 Out-of-state	-	-	- - -								-								-			 	-
4	15 Out-of-state 16 Total (Lines 14 + 15)		- - -	- - -				-									-			-				-
	15 Out-of-state 16 Total (Lines 14 + 15) Freestanding Ambulatory Care Facility 17 In-state	747,250	53,967	801,218			1,893	-	-				<u></u>				-			-			143 53,96	
	15	747,250 168,850	53,967 101,890	801,218 270,740	1,893	- - - 4,631	1,893 4,631	-					-				-	-		-		168,i	143 53,96 850 106,52	1 275,371
	15	747,250	53,967	801,218	1,893	- - - 4,631	1,893					-	-					- - -	-	-	- -		143 53,96 850 106,52	1 275,371
	15	747,250 168,850 916,100	53,967 101,890 155,858	801,218 270,740 1,071,958	1,893 - 1,893	- - - 4,631 4,631	- - - - 1,893 4,631 6,524					-						- - -		-		- 749, - 168,8 - 917,8	143 53,96 850 106,52 993 160,48	1 275,371 9 1,078,482
	15	747,250 168,850 916,100 728,426	53,967 101,890 155,858	801,218 270,740 1,071,958 746,156	1,893 - 1,893	- - - 4,631 4,631	- - - 1,893 4,631 6,524 - 2,189		-				- - - 310	310		-	-			-		- 749, - 168, - 917, - 730,	143 53,96 850 106,52 993 160,48 809 17,84	1 275,371 9 1,078,482 5 748,655
	15	747,250 168,850 916,100 728,426 146,342	53,967 101,890 155,858 17,731 140,799	801,218 270,740 1,071,958 746,156 287,140	1,893 - 1,893 2,074 945	- - - 4,631 4,631 115 369	1,893 4,631 6,524 - 2,189 1,314		-			-	- - - 310 47			-	-					- 749, - 168, - 917, - 730, - 147,	143 53,96 850 106,52 993 160,48 809 17,84 334 141,16	1 275,371 9 1,078,482 5 748,655 7 288,501
	15	747,250 168,850 916,100 728,426 146,342 874,767	53,967 101,890 155,858 17,731 140,799 158,529	801,218 270,740 1,071,958 746,156 287,140 1,033,296	1,893 - 1,893 2,074 945 3,019	- - - 4,631 4,631 115 369 484	1,893 4,631 6,524 - 2,189 1,314 3,503		-			-	310 47 357				-			-		- 749, - 168, - 917, - 730, - 147,	143 53,96 850 106,52 993 160,48 809 17,84 334 141,16 143 159,01	1 275,371 9 1,078,482 5 748,655 7 288,501 3 1,037,156
	15	747,250 168,850 916,100 728,426 146,342	53,967 101,890 155,858 17,731 140,799	801,218 270,740 1,071,958 746,156 287,140 1,033,296	1,893 - 1,893 2,074 945 3,019	- - - 4,631 4,631 115 369	1,893 4,631 6,524 - 2,189 1,314 3,503		-			-	310 47 357			-	-					- 749, - 168, - 917, - 730, - 147,	143 53,96 850 106,52 993 160,48 809 17,84 334 141,16	1 275,371 9 1,078,482 5 748,655 7 288,501 3 1,037,156
	15	747,250 168,850 916,100 728,426 146,342 874,767	53,967 101,890 155,858 17,731 140,799 158,529	801,218 270,740 1,071,958 746,156 287,140 1,033,296	1,893 - 1,893 2,074 945 3,019	- - - 4,631 4,631 115 369 484	1,893 4,631 6,524 - 2,189 1,314 3,503		-			-	310 47 357				-					- 749, - 168, - 917, - 730, - 147,	143 53,96 850 106,52 993 160,48 809 17,84 334 141,16 143 159,01	1 275,371 9 1,078,482 5 748,655 7 288,501 3 1,037,156
	15	747,250 168,850 916,100 728,426 146,342 874,767	53,967 101,890 155,858 17,731 140,799 158,529	801,218 270,740 1,071,958 746,156 287,140 1,033,296	1,893 - 1,893 2,074 945 3,019	- - - 4,631 4,631 115 369 484	1,893 4,631 6,524 - 2,189 1,314 3,503		-			-	310 47 357				-					- 749, - 168, - 917, - 730, - 147,	143 53,96 850 106,52 993 160,48 809 17,84 334 141,16 143 159,01	1 275,371 9 1,078,482 5 748,655 7 288,501 3 1,037,156
5	15 Out-of-state 16 Total (Lines 14 + 15) Freestanding Ambulatory Care Facility 17 In-state 18 Out-of-state 19 Total (Lines 17 + 18) Other 20 In-state 21 Out-of-state 22 Total (Lines 20 + 21) 23 Total Outpatient Facility (Lines 13 + 16 + 19 + 22)	747,250 168,850 916,100 728,426 146,342 874,767	53,967 101,890 155,858 17,731 140,799 158,529	801,218 270,740 1,071,958 746,156 287,140 1,033,296 6,524,701	1,893 - 1,893 2,074 945 3,019 28,676	- 4,631 4,631 4,631 115 369 484 7,864 3	1,893 4,631 6,524 - 2,189 1,314 3,503 - 6,539 -		-			-	310 47 357 1,990				-					- 749, - 168, - 917, - 730, - 147,	143 53,96 850 106,52 993 160,48 809 17,84 334 141,16 143 159,01 325 1,071,90	1 275,371 9 1,078,482 5 748,655 7 288,501 3 1,037,156 6 6,563,231
5	15	747,250 168,850 916,100 728,426 146,342 874,767 5,460,659	53,967 101,890 155,858 17,731 140,799 158,529 1,064,042	801,218 270,740 1,071,958 746,156 287,140 1,033,296 6,524,701	1,893 - 1,893 2,074 945 3,019 28,676	- 4,631 4,631 4,631 115 369 484 7,864 3	1,893 4,631 6,524 - 2,189 1,314 3,503 - 6,539 -		-			-	310 47 357 1,990				-					- 749, - 168, - 168, - 917, - 730, - 147, - 878, - 5,491,3	143 53,96 850 106,52 993 160,48 809 17,84 334 141,16 143 159,01 325 1,071,90	1 275,371 9 1,078,482 5 748,655 7 288,501 3 1,037,156 6 6,563,231
5	15	747,250 168,850 916,100 728,426 146,342 874,767 5,460,659	53,967 101,890 155,858 17,731 140,799 158,529 1,064,042	801,218 270,740 1,071,958 746,156 287,140 1,033,296 6,524,701	1,893 - 1,893 2,074 945 3,019 28,676	- 4,631 4,631 4,631 115 369 484 7,864 3	1,893 4,631 6,524 - 2,189 1,314 3,503 - 6,539 -		-			-	310 47 357 1,990				-					- 749, - 168, - 168, - 917, - 730, - 147, - 878, - 5,491,3	143 53,96 850 106,52 993 160,48 809 17,84 334 141,16 143 159,01 325 1,071,90	1 275,371 9 1,078,482 5 748,655 7 288,501 3 1,037,156 6 6,563,231
5	15	747,250 168,850 916,100 728,426 146,342 874,767 5,460,659	53,967 101,890 155,858 17,731 140,799 158,529 1,064,042	801,218 270,740 1,071,958 746,156 287,140 1,033,296 6,524,701 1,335,162	1,893 - 1,893 2,074 945 3,019 28,676	- 4,631 4,631 4,631 115 369 484 7,864 3	1,893 4,631 6,524 - 2,189 1,314 3,503 - 6,639 -		-				310 47 357 1,990				-					- 749, - 168, - 917, - 730, - 147, - 878, - 5,491,	143 53,96 850 106,52 993 160,48 809 17,84 334 141,16 143 159,1 325 1,071,90 316 220,56	1 275,371 9 1,078,482 5 748,655 7 288,501 3 1,037,156 6 6,563,231 7 1,351,883
5	15	747,250 168,850 916,100 728,426 146,342 874,767 5,460,659	53,967 101,890 155,858 17,731 140,799 158,529 1,064,042	801,218 270,740 1,071,958 746,156 287,140 1,033,296 6,524,701 1,335,162	1,893 - 1,893 2,074 945 3,019 28,676	- 4,631 4,631 4,631 115 369 484 7,864 3	1,893 4,631 6,524 - 2,189 1,314 3,503 - 6,639 -		-				310 47 357 1,990				-					- 749, - 168, - 168, - 917, - 730, - 147, - 878, - 5,491,3	143 53,96 850 106,52 993 160,48 809 17,84 334 141,16 143 159,1 325 1,071,90 316 220,56	1 275,371 9 1,078,482 5 748,655 7 288,501 3 1,037,156 6 6,563,231 7 1,351,883
5	15	747,250 168,850 916,100 728,426 146,342 874,767 5,460,659	53,967 101,890 155,858 17,731 140,799 158,529 1,064,042	801,218 270,740 1,071,958 746,156 287,140 1,033,296 6,524,701 1,335,162	1,893 - 1,893 2,074 945 3,019 28,676	- 4,631 4,631 4,631 115 369 484 7,864 3	1,893 4,631 6,524 - 2,189 1,314 3,503 - 6,639 -		-				310 47 357 1,990				-					- 749, - 168, - 917, - 730, - 147, - 878, - 5,491,	143 53,96 850 106,52 993 160,48 809 17,84 334 141,16 143 159,1 325 1,071,90	1 275,371 9 1,078,482 5 748,655 7 288,501 3 1,037,156 6 6,563,231 7 1,351,883
5	15	747,250 168,850 916,100 728,426 146,342 874,767 5,460,659	53,967 101,890 155,858 17,731 140,799 158,529 1,064,042	801,218 270,740 1,071,958 746,156 287,140 1,033,296 6,524,701 1,335,162	1,893 - 1,893 2,074 945 3,019 28,676	- 4,631 4,631 4,631 115 369 484 7,864 3	1,893 4,631 6,524 - 2,189 1,314 3,503 - 6,639 -		-				310 47 357 1,990				-					- 749, - 168, - 917, - 730, - 147, - 878, - 5,491,	143 53,96 850 106,52 993 160,48 809 17,84 334 141,16 143 159,1 325 1,071,90	1 275,371 9 1,078,482 5 748,655 7 288,501 3 1,037,156 6 6,563,231 7 1,351,883
5 -	15	747,250 168,850 916,100 728,426 146,342 874,767 5,460,659 1,115,436	53,967 101,890 155,858 17,731 140,799 158,529 1,064,042 219,726	801,218 270,740 1,071,958 746,156 287,140 1,033,296 6,524,701 1,335,162	1,893 - 1,893 2,074 945 3,019 28,676	- 4,631 4,631 4,631 115 369 484 7,864 3	1,893 4,631 6,524 - 2,189 1,314 6,539 -		-					- 310 - 47 - 357 - 1,990 - 679			-					749,1 168,8 917,1 730,4 147,7 147,7 1,131,1 1,131,1	143 53,96 850 106,52 993 160,48 809 17,84 334 141,16 143 159,01 325 1,071,90 316 220,56	1 275,371 9 1,078,482 5 7 288,501 3 1,037,156 6 6,563,231 7 1,351,883
5 -	15	747,250 168,850 916,100 728,426 146,342 874,767 5,460,659	53,967 101,890 155,858 17,731 140,799 158,529 1,064,042 219,726	801,218 270,740 1,071,958 746,156 287,140 1,033,296 6,524,701 1,335,162	1,893 - 1,893 2,074 945 3,019 28,676 15,201 44,737	- 4,631 4,631 4,631 115 369 484 7,864 3 842 1	1,893 4,631 6,524 - 2,189 1,314 3,503 - 6,539 - 6,043		-					- 310 - 47 - 357 - 1,990 - 679			-					- 749 - 168.4. - 917 - 730.0. - 730.0. - 147.7. - 147.7. - 5,491 - 1,131 - 3,521	143 53,96 850 106,52 993 160,48 809 17,84 334 141,13 159,01 335 1,071,90 336 220,56 330 547,24	1 275,371 9 1,078,482 7,748,655 7 288,501 3 1,037,156 6 6,563,231 7 1,351,883 1 4,068,570
5 -	15	747,250 168,850 916,100 728,426 146,342 874,767 5,460,659 1,115,436 3,060,587	53,967 101,890 155,858 17,731 140,739 158,529 1,064,042 219,726 545,750	801,218 270,740 1,071,958 746,156 287,140 1,033,296 6,524,701 1,335,162 3,606,337	1,893 - 1,893 2,074 945 3,019 28,676 15,201	- 4,631 4,631 4,631 115 369 484 7,864 3 842 1,491 4 1,491 4	1,893 4,631 6,524 - 2,189 1,314 - 3,503 - 6,539 - 6,043							- 310 - 47 - 357 - 1,990 - 679			-					- 749 - 168.8. - 917., - 730.4 - 147 - 878.8. - 5,491 - 1,131 - 3,521, - 2,396 - 429.4	143 53,96 850 106,52 993 160,48 809 17,84 334 141,16 143 159,01 325 1,071,90 3316 220,56	1 275,371 9 1,078,482 5 748,655 7 288,501 3 1,037,156 6 6,563,231 7 1,351,883 1 4,068,570 5 2,531,381 8 863,834
5 -	15	747,250 168,850 916,100 728,426 146,342 874,767 5,460,659	53,967 101,890 155,858 17,731 140,799 158,529 1,064,042 219,726	801,218 270,740 1,071,958 746,156 287,140 1,033,296 6,524,701 1,335,162	1,893 - 1,893 2,074 945 3,019 28,676 15,201	- 4,631 4,631 4,631 115 369 484 7,864 3 842 1,491 4 1,491 4	1,893 4,631 6,524 - 2,189 1,314 3,503 - 6,539 - 6,043							- 310 - 47 - 357 - 1,990 - 679			-					- 749 - 168.4. - 917 - 730.0. - 730.0. - 147.7. - 147.7. - 5,491 - 1,131 - 3,521	143 53,96 850 106,52 993 160,48 809 17,84 334 141,16 143 159,01 325 1,071,90 3316 220,56	1 275,371 9 1,078,482 5 748,655 7 288,501 3 1,037,156 6 6,563,231 7 1,351,883 1 4,068,570 5 2,531,381 8 863,834
5 -	15	747,250 168,850 916,100 728,426 146,342 874,767 5,460,659 1,115,436 3,060,587	53,967 101,890 155,858 17,731 140,739 158,529 1,064,042 219,726 545,750	801,218 270,740 1,071,958 746,156 287,140 1,033,296 6,524,701 1,335,162 3,606,337	1,893 - 1,893 2,074 945 3,019 28,676 15,201	- 4,631 4,631 4,631 115 369 484 7,864 3 842 1,491 4 1,491 4	1,893 4,631 6,524 - 2,189 1,314 - 3,503 - 6,539 - 6,043							- 310 - 47 - 357 - 1,990 - 679			-					- 749 - 168.8. - 917., - 730.4 - 147 - 878.8. - 5,491 - 1,131 - 3,521, - 2,396 - 429.4	143 53,96 850 106,52 993 160,48 809 17,84 334 141,16 143 159,01 325 1,071,90 3316 220,56	1 275,371 9 1,078,482 5 748,655 7 288,501 3 1,037,156 6 6,563,231 7 1,351,883 1 4,068,570 5 2,531,381 8 863,834
5 -	15	747,250 168,850 916,100 728,426 146,342 874,767 5,460,659 1,115,436 3,060,587	53,967 101,890 155,858 17,731 140,739 158,529 1,064,042 219,726 545,750	801,218 270,740 1,071,958 746,156 287,140 1,033,296 6,524,701 1,335,162 3,606,337	1,893 - 1,893 2,074 945 3,019 28,676 15,201	- 4,631 4,631 4,631 115 369 484 7,864 3 842 1,491 4 1,491 4	1,893 4,631 6,524 - 2,189 1,314 - 3,503 - 6,539 - 6,043							- 310 - 47 - 357 - 1,990 - 679			-					- 749 - 168.8. - 917., - 730.4 - 147 - 878.8. - 5,491 - 1,131 - 3,521, - 2,396 - 429.4	143 53,96 850 106,52 993 160,48 809 17,84 334 141,16 143 159,01 325 1,071,90 3316 220,56	1 275,371 9 1,078,482 5 748,655 7 288,501 3 1,037,156 6 6,563,231 7 1,351,883 1 4,068,570 5 2,531,381 8 863,834
5 -	15	747,250 168,850 916,100 728,426 146,342 874,767 5,460,659 1,115,436 3,060,587	53,967 101,890 155,858 17,731 140,799 158,529 1,064,042 219,726 545,750 133,824 432,394 566,218	801,218 270,740 1,071,958 746,156 287,140 1,033,296 6,524,701 1,335,162 3,606,337	1,893 - 1,893 2,074 945 3,019 28,676 15,201 44,737	- 4,631 4,631 4,631 115 369 484 7,664 3 842 1 1,491 4 1,491 4 1,815 3,155 2	1,893 4,631 6,524 - 2,189 3,503 - 6,539 - 6,043							- 10,316 - 5,354 - 5,354								- 749 - 168.1 - 917.; - 137 - 147 - 5.491 - 1,131 - 3,521 - 2,396 - 429 - 429	143 53,96 850 106,52 993 160,48 809 17,84 334 141,16 143 159,01 325 1,071,90 3316 220,56	1 275,371 9 1,078,482 7,748,655 7 288,501 3 1,037,156 6 6,563,231 7 1,351,883 1 4,068,570 5 2,531,381 8 863,834 4 3,395,215

_			1			2			3		4			5			6			7			8	
Market E	Exhibit (For Comprehensive/Major Medical Line of Business)	Inc	Individual			Small Group			Large Group			Association				Federal Emplo	oyee Healt Plan	th Benefit	Other	Health Ma	irket	et Total (Across all markets)		
			Non-RI	All	RI	Non-RI	All	RI	Non-RI	All	RI Non-Ri	All	RI	Trust Non-RI	All		lon-RI	All		Non-RI	All	RI POLEI (F	Non-RI	A
Membership	in Data	IXI I	NOII-IXI	All	IXI	NOII-IXI	All	IXI	NOII-IXI	Z	IXI NOII-IX	All	IXI	Non-IXI	All	IXI I	NOIT-IXI	ZXII	IXI	NOIFIX	All	IXI	Non-IXI	
	er of Polices or Certificates			-	105		405	04		31					-							407		
		1	-	1		140	165	31	-			-			-			-			-	197 3.936	-	
	er of Covered Lives	1	-	1			842	3,233	597	3,830		-			-			-			-		737	
	er Months	12	-	12		1,838	11,311	39,133	7,071	46,204		-			-			-			-	48,618	8,909	
	er of Polices or Certificates (Plans with PD benefits)	1	-	1		-	165	31	-	31	-			-	-	-	-	-	-	-	-	197	-	
	er of Covered Lives (Plans with PD benefits) er Months (Plans with PD benefits)	1	-	1	702	140		3,233	597	3,830	-		_	-	-	-	-	-	-	-	-	3,936	737	
Membe	er Months (Plans with PD benefits)	12	-	12	9,473	1,838	11,311	39,133	7,071	46,204	-	-	-	-	-	-	-	-	-	-	-	48,618	8,909	
Premiums/0	Claims																							
Premiur	ım	2,874	-	2,874	3,658,257	690,328	4,348,585	15,721,439	2,863,457	18,584,896		-			-			-			- 1	9,382,569	3,553,785	22
Claims/	/Medical Expenses	1,660	-	1,660	3,100,638	454,637	3,555,275	14,393,951	2,773,596	17,167,547		-			-			-				7,496,249	3,228,233	20
		, , , , ,							, ,,,,,,,	, , , , ,			1	1		1			1			, , ,		
Inpatient Fa	acility																							
Hospital	uomiy																							-
	state	- 1		-	441,217	49,217	490,434	2,717,530	156.826	2.874.356		-		1 1	- 1		1	- 1	1	1	- 1	3,158,748	206,043	- 3
	t-of-state	-			52,816	12,154	64,969	487.911	347.844	835.755		-	_	+ + +	-			-			-	540.726	359,998	
								- 1-	- ,-	,				+			-					, -		_
	tal (Lines 1 + 2)	-	-	-	494,033	61,371	555,404	3,205,441	504,670	3,710,111	-	-	-		-	-	-	-	-	-	-	3,699,474	566,041	
SNF	-1-1-				7510		7.540	05.040	F.0C :	04.000			_				-		-			00.454	5.001	
	state t-of-state	-	-	-	7,542	-	7,542	25,612	5,624	31,236		-	_	+	-			-		-	-	33,154	5,624	_
		-	-	-	7.542	-	7.542	25.612	- E 624	31,236		-		+	-			-		-	-	33.154	5,624	_
Other	tal (Lines 4 + 5)	-	-	-	7,542	-	7,542	∠5,612	5,624	31,236	-	-	-	-	-	-	-	-	-	-	-	33,154	5,624	_
	ploto				_			1.167		1.167												1 167		=
	state t-of-state	-		-	-		-	1,167	10.761	1,167		-		+	-						-	1,167	10.761	_
		-		-	-		-	4 467	12,761		_			-	-					_	-	1 107	12,761	
	tal (Lines 7 + 8)				501.575	61.371	562.946	1,167 3.232.220	12,761	13,928							-	-		-		1,167	12,761 584.427	_
10 1 otal Inpatie	ent Facility (Lines 3 + 6 + 9)	-	-	-	501,575	61,3/1	562,946	3,232,220	523,056	3,755,276	-	-		-	-	-	-	-	-	-	-	3,733,795	584,427	4
	-																							_
Outpatient I	Facility																							
Hospital																								
	state	-	-	-	514,964	32,443	547,407	2,837,431	178,261	3,015,692		-			-			-				3,352,396	210,704	
	t-of-state	-	-	-	117,047	54,151	171,198	200,349	484,800	685,149		-			-			-			-	317,396	538,951	
	tal (Lines 11 + 12)	-	-	-	632,011	86,594	718,605	3,037,780	663,061	3,700,842	-	-	-	-	-	-	-	-	-	-	-	3,669,791	749,655	
SNF																								
14 In-s	state	-	-	-	-	-	-	-	-	-		-			-			-			-	-	-	
	t-of-state	-	-	-	-	-	-	-	-	-		-			-			-			-	-	-	
15 Out	tal (Lines 14 + 15)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
15 Out 16 Tota																								
15 Out 16 Tota Freestanding	Ambulatory Care Facility			-	160,253	5,262		586,997	48,705	635,702		-			-			-			-	747,250	53,967	
15 Out 16 Tota Freestanding 17 In-s	state	-	-				54,182	126,262	90,297	216,558		-			-			-			-	168,850	101,890	
15 Out 16 Tota Freestanding 17 In-s 18 Out	state t-of-state	-	-	-	42,588	11,594								-	-		_	-		-		916,100	155,858	
15 Out 16 Tota Freestanding 17 In-s 18 Out 19 Tota	state				42,588 202,841	11,594 16,856		713,259	139,002	852,260	-	-	-									916,100		_
15 Out 16 Tota Freestanding 17 In-s 18 Out	state t-of-state	-	-	-	202,841		219,698	713,259			-	-	-	-										
15 Out 16 Tota Freestanding 17 In-s 18 Out 19 Tota Other 20 In-s	state	·	-	1,420	202,841	16,856 7,179	219,698 116,260	713,259 617,925	10,551	628,476	-	-			-			-			-	728,426	17,731	
15 Out 16 Tota Freestanding 17 In-s 18 Out 19 Tota Other 20 In-s 21 Out	state	1,420	-	1,420	202,841 109,081 15,956	7,179 30,833	219,698 116,260 46,788	713,259 617,925 130,386	10,551 109,966	628,476 240,352	-	-										728,426 146,342	17,731 140,799	
15	state	1,420	-	1,420	202,841 109,081 15,956 125,037	7,179 30,833 38,012	219,698 116,260 46,788 163,048	713,259 617,925	10,551	628,476	-	-			-	-		-	-	-		728,426	17,731	1 6

5	Primary Care 24 Total Primary Care	-	-	-	236,566	66,277	302,843	878,870	153,449	1,032,319			-			-		-	Ι			- 1,115,436	219,726	1,335,162
6	Pharmacy 25 Total Pharmacy			-	560,457	63,013	623,470	2,500,130	482,738	2,982,868			-			-		-	Ι			3,060,587	545,750	3,606,337
	Medical/Surgical other than primary care	107		107	500,447	25.883	526,330	1,872,922	107,942	1,980,864												- 2,373,477	122 924	2,507,301
7	27 Out-of-state 28 Total Other Medical/Surgical (Lines 26 + 27)	- 107	-	107	100,752 601,200	54,851 80,734	155,604 681,934	328,431 2,201,353	377,542 485,484	705,973 2,686,837	-	-	-	-	-	-	-			-	-	- 429,183 - 2,802,660	133,824 432,394 566,218	861,577 3,368,878
8	All other payments to medical providers	133	-	133	240,951	41,780	282,732	1,082,028	206,290	1,288,317			- 1			- 1		-				- 1,323,112	248,070	1,571,182

2012 Rate Review Process Areas of Medical Expense Variation

Introductory Remarks

The stated goal of this exercise is to improve OHIC's understanding of the drivers of rising medical spending in Rhode Island by comparing the experience of the issuer's Rhode Island member base to a benchmark. For the purposes of this analysis, we have used our 2011 fully insured MA HMO experience as the benchmark. However, given the size of Tufts Health Plan's membership base in Rhode Island, the results of this comparative analysis will have limited credibility. Our relative costs by area of care have changed significantly in Rhode Island from year to year and are expected to continue to be volatile as our population in this market grows. Although we have commented on the probable causes of each variation listed, these fundamentally reflect a small, immature market compared to a much larger, more mature benchmark and should be interpreted with caution.

1. The top five areas of care, based on per capita total dollar value positive variation from the benchmark

		PMPM	
	Total Excess	Excess	
Area of Care	Spending	Spending	Comments on Estimated Cause
INPATIENT ACUTE MED/SURG	\$1,339,638	\$23.29	Attributable to higher utilization (both admits and ALOS), rather than unit cost.
			High cost claimants identified as having a disproportionately large impact.
			The higher number of admits may be a consequence of lower than benchmark outpatient professional care.
PHARMACY - Rx MM	\$717,042	\$12.46	Attributable to higher utilization across tiers and therapeutic classes.
			Higher utilization driven by more members in RI having prescriptions filled than in the benchmark population, rather than a higher number
			of prescriptions per member.
OUTPATIENT LABORATORY	\$558,538	\$9.71	Capitation strategy applied in the benchmark population successfully contains cost.
OUTPATIENT INJECTIONS	\$425,609	\$7.40	Driven primarily by a difference in payment methodology between RI and the benchmark population. Injection claims in RI are reimbursed
			on a fee for service basis while in the benchmark population they are reimbursed on a fee for service basis or bundled into an outpatient
			surgery case payment. More than 50% of the higher RI utilization is associated with outpatient surgery claims, which would not be
			separately identified in the benchmark population.
OUTPATIENT EMERGENCY ROOM	\$406,508	\$7.07	Attributable primarily to a higher cost per emergency room encounter. This higher cost per encounter is driven less by higher unit cost in RI
			and more by the higher number of services delivered within an emergency room encounter compared to the benchmark.

2. The top five areas of care, based on the percent of positive variation in per capita spending from the benchmark

	Percent of	Total	
	Positive	Excess	
Area of Care	Variation	Spending	Comments on Estimated Cause
OUTPATIENT INJECTIONS	158%	\$425,609	Driven primarily by a difference in payment methodology as described above.
FREE STANDING HIGH COST RADIOLOGY	124%	\$130,764	Higher utilization of allied health facilities, along with lower Outpatient Hospital High Cost Radiology utilization, reflects appropriate re-
(MRI, PET, CT)			direction of care to lower cost providers.
OUTPATIENT LABORATORY	96%	\$558,538	Capitation strategy applied in the benchmark population successfully contains cost.
INPATIENT OTHER	74%	\$117,886	Driven by Mental Health/Substance Abuse services. Capitation strategy for inpatient Mental Health/Substance Abuse within the benchmark
			population effective at containing costs.
OUTPATIENT EMERGENCY ROOM	63%	\$406,508	Attributable primarily to the number of services delivered within an emergency room encounter, as described above.



Provider Contracting Practices and Hospital Contracting Conditions Verification Questionnaire

Background

The Health Insurance Advisory Council (HIAC) to the State of Rhode Island Office of the Health Insurance Commissioner (OHIC) has promulgated Affordability Standards for commercial health insurance issuers in Rhode Island.

Health plans will improve the affordability of health care in Rhode Island by focusing their efforts upon provider payment reform, beginning with primary care. Achievement of this goal will not add to overall medical spend in the short-term, and is expected to produce savings thereafter. Specific areas of focus in support of this goal are as follows:

- 1. Expand and improve the primary care infrastructure in the state—with limitations on ability to pass on cost in premiums
- 2. Spread Adoption of the "Chronic Care Model" Medical Home
- 3. Standardize electronic medical record (EMR) incentives
- 4. Work toward comprehensive payment reform across the delivery system

To support standard four, OHIC has previously issued six conditions for issuer contracts with hospitals in Rhode Island, to be implemented by issuers upon contract execution, renewal, or extension. These are as follows:

- 1. Utilize unit of service payment methodologies for both inpatient and hospital outpatient services that realign payment to provide incentives for efficient use of health services, and are derived from nationally utilized payment practices other than fee for service.
- 2. Limit average annual effective rates of price increase for both inpatient and outpatient services to a weighted amount equal to or less than the Centers for Medicare and Medicaid Services (CMS) National Prospective Payment System Hospital Input Price Index ("Index"), for all contractual and optional years covered by the contract
- 3. Provide the opportunity for hospitals to increase their total annual revenue for

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

commercially insured enrollment under the contract by at least additional two percentage points over the previous contract year by improving or attaining mutually agreed-to performance levels for no less than three nationally-accepted clinical quality, service quality or efficiency-based measures.

- 4. Include terms that define the parties' mutual obligations for greater administrative efficiencies
- 5. Include terms that promote and measure improved clinical communications between the hospital and each patient/member's designated primary care physician, specialist physicians, long term care facility, or other providers.
- 6. Include terms that explicitly relinquish the right of either party to contest the public release of the any and all of these five specific terms by state officials or the participating parties to the agreement.

The purpose of this questionnaire is to assess compliance with standard four of the Affordability Standards and to consider the responses in connection with OHIC's 2012 small and large employer group rate factor review process for commercial health insurance issuers in Rhode Island.

Directions

- 1. Please fill out all parts of questionnaire.
- 2. As no providers are identified and no financial details are solicited, none of this information will be considered proprietary or confidential. Should any information or document be considered confidential by the filer, the filer must request approval of the Health Insurance Commissioner. The request must identify the specific information or document (or portion thereof) which the filer considers confidential, accompanied by a factual and legal analysis supporting the request.
- 3. Questionnaire responses must be verified by filing those portions of each hospital contract which support the survey response. An index or other method of reference must be included to identify which hospital contract documentation relates to each survey response. Any contract excerpts provided will be summarized for review.
- 4. Please contact OHIC with any questions.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407 (401) 462-9640

(401) 462-9645 (Fax)

www.ohic.ri.gov

THIS INFORMATION IS A TRADE SECRET AND MAY NOT BE DISCLOSED TO THIRD PARTIES WITHOUT TUFTS HEALTH PLAN'S PERMISSION

General comment:

Tufts Health Plan has a long standing commitment to investment in payer-provider incentive alignment, and we maintain hospital and physician incentive programs that apply to the vast majority of our network providers. As a relatively new entrant into the RI market, we are at an early stage of incorporating incentive mechanisms into our RI provider contracts. Provider incentive will be a key component of our contracting strategy as we grow our presence in the state of RI.

Tufts Health Plan requests that the information provided in response to this survey be deemed to constitute "trade secrets" within the meaning of the term in section 38-2-2(4)(i)(B) of the Rhode Island General Laws. We have included a footer stating "THIS INFORMATION IS A TRADE SECRET AND MAY NOT BE DISCLOSED TO THIRD PARTIES WITHOUT TUFTS HEALTH PLAN'S PERMISSION".

Finally, due to the questionable reliability of certain information provided in our responses, which is explained in further detail below, it is Tufts Health Plan's expectation and understanding that the information provided in this Provider Survey will not be used or considered in OHIC's review of Tufts Health Plan's rates.

Part 1. Hospital Inpatient Services

- Please fill out one row in the chart below for each general service institution (no specialty care, no rehab) with whom you contract in RI.
- Institution means hospital system if all contractual terms other than \$ amounts apply identically across all inpatient facilities in the contract.
- Incentives refer to activities or measures resulting in additional payments by the insurer.

	Duration of Current		Does Contract have				
	Contract since inception		provision for additional			Does this contract comply with	
	or last renewal,	Unit of Payment for	outlier payments and/or	Are there Quality or Customer	Utilization Incentives in	OHIC's July 2011 Rate Factor	
Institution/	whichever is later	Services (check all	severity adjusters (y/n)	Service Incentives in Contract	Contract: (check all that	Decision – Additional	
System	(years)	that apply)	and any comments	(y/n) ¹ ?	apply)	Conditions? ²	Comments

¹ Examples include supplemental payments beyond base fees for Bridges to Excellence Measure, Medicare Compare measures, HIT adoption, or customer satisfaction measures.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

www.ohic.ri.gov

THIS INFORMATION IS A TRADE SECRET AND MAY NOT BE DISCLOSED TO THIRD PARTIES WITHOUT TUFTS HEALTH PLAN'S PERMISSION

² Attach analysis and relevant documentation from contracts to demonstrate compliance status.

Institution/ System 1	Duration of Current Contract since inception or last renewal, whichever is later (years) 3 Years	Unit of Payment for Services (check all that apply) X DRG X Per Diem% of Charges Bundled Services Capitation or other budgetingOthers (please specify)	Does Contract have provision for additional outlier payments and/or severity adjusters (y/n) and any comments	Are there Quality or Customer Service Incentives in Contract (y/n)¹? No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. ³	Utilization Incentives in Contract: (check all that apply) admission reductions day reductions process/structural changes (e.g. discharge practices)Others (please specify)	Does this contract comply with OHIC's July 2011 Rate Factor Decision – Additional Conditions? ² N/A (Contract has not been renegotiated)	Comments
2	3 Years	x_DRG x_Per Diem% of Charges Bundled Services Capitation or other budgetingOthers (please specify)	Yes to additional outlier provision	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0.5~1.0%	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	
3	3 Years	DRGPer Diem _x % of Charges Bundled Services	No	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality	admission reductions day reductions Others (please specify)	N/A (Contract has not been renegotiated)	

³ % for Incentive Payments plus % for Services = 100%. Incentive payments not specified for inpatient or outpatient should be classified as inpatient.

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Institution/ System	Duration of Current Contract since inception or last renewal, whichever is later (years)	Unit of Payment for Services (check all that apply) Capitation or other budgetingOthers (please specify)	Does Contract have provision for additional outlier payments and/or severity adjusters (y/n) and any comments	Are there Quality or Customer Service Incentives in Contract (y/n)¹? incentive payments. 0.1~0.5%	Utilization Incentives in Contract: (check all that apply)	Does this contract comply with OHIC's July 2011 Rate Factor Decision – Additional Conditions? ²	Comments
4	2 Years	DRG _x_Per Diem% of Charges Bundled Services Capitation or other budgetingOthers (please specify)	Yes to additional outlier provision	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	
5	3 Years	DRGPer Diem x % of ChargesBundled Services Capitation or other budgetingOthers (please specify)	No	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	
6	3 Years	DRGPer Diem _x % of ChargesBundled	No	No If yes - % of total payments for inpatient services in CY	admission reductions day reductions Others (please specify)	N/A (Contract has not been renegotiated)	

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Institution/ System	Duration of Current Contract since inception or last renewal, whichever is later (years)	Unit of Payment for Services (check all that apply) Services Capitation or other budgetingOthers (please	Does Contract have provision for additional outlier payments and/or severity adjusters (y/n) and any comments	Are there Quality or Customer Service Incentives in Contract (y/n)¹? 2011 spent on quality incentive payments.	Utilization Incentives in Contract: (check all that apply)	Does this contract comply with OHIC's July 2011 Rate Factor Decision – Additional Conditions? ²	Comments
7	1 Year	specify) DRGYer Diem% of ChargesBundled ServicesCapitation or other budgetingOthers (please specify)	Yes to additional outlier provision	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments 0-2%	_X_ admission reductions _X day reductionsOthers (please specify)	Yes, please see attached	
8	3 Years	DRG _x_Per Diem% of ChargesBundled Services Capitation or other budgetingOthers (please specify)	Yes to additional outlier provision	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	

Additional Questions for Hospital Inpatient Services

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

1. List the five most common areas of quality and service incentives in your company's inpatient contracts:

(These measures apply to our hospital contracts that combine inpatient and outpatient services.)

- i. Joint Commission measures (e.g., AMI, CHF, pneumonia)
- ii. Leapfrog measures (e.g., CPOD, ICU staffing)
- iii.Prevention of "Never Events"
- iv. Surgical infection rates
- v. Readmission rates
- 2. Estimated Percent of total payments to RI Hospitals for inpatient services in CY 2011 spent on quality incentive payments. 0.1~1%
- 3. Estimated Percent of total payments to RI Hospitals for inpatient services in CY 2011 paid through units of service based on efficient resource use (i.e DRG, Capitation, Bundled Service or partial/global budgeting): <5%
- **4.** Estimated Payments in first six months of CY 2011 for Inpatient Services to Hospitals as % of what Medicare would have paid for similar set. of services: See comment (add comments or caveats)

For inpatient services Tufts Health Plan does not currently have the technical capability to benchmark to Medicare IPPS reimbursement. Conducting such analysis would require incremental time, resources and technical capabilities. Benchmarking Tufts Health Plan inpatient payments to Medicare IPPS may yield volatile and potentially unreliable results due to a) differences in reimbursement methodology (Tufts Health Plan reimburses the majority of inpatient claims on either a Per Diem or Percent of Charge basis); b) our relatively small volume of business in Rhode Island; c) mix of services; and d) chargemaster levels to some of the hospitals in Rhode Island. Additionally, it is our belief that a Medicare comparison for some hospitals that perform very specific services, like Obstetrics, will not result in a comparison that is useful and may lead to unintended and/or misinterpreted conclusions.

Other Comments on Quality/Efficiency Incentives in Hospital Inpatient Contracting:

Part 2. Hospital Outpatient Services

- Please fill out one row in the chart below for each general service institution (no specialty care, no rehab) with whom you contract in RI.
- Institution means hospital system if all contractual terms other than dollar amounts apply identically across all inpatient facilities in the contract.
- Outpatient Services include any services not involving an admission and covered under the contract with the institution.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System
State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

www.ohic.ri.gov

Institution/ System	Unit of Payment for Outpatient Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁴ ?	Utilization Incentives in Contract: (check all that apply)	Comments
1	 x_Procedure-based methodology – using plan, provider or industry coding. APC Code Other (please specify) 	No If yes - %of total payments for inpatient services in CY 2011 spent on quality incentive payments. ⁵	Visit/Volume Reduction Others (please specify)	
2	 X Procedure-based methodology – using plan, provider or industry coding. APC Code Other (please specify) 	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0.5~1.0%	Visit/Volume Reduction Others (please specify)	
3	 x Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0.1~0.5%	Visit/Volume Reduction Others (please specify)	
4	 x_Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality	Visit/Volume Reduction Others (please specify)	

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

⁴ Examples include supplemental payments beyond base fees for structural changes such as HIT, process measures or customer satisfaction.
⁵ % for Incentive Payments plus % for Services = 100%. Incentive payments not specified for inpatient or outpatient should be classified as inpatient.

Institution/ System	Unit of Payment for Outpatient Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁴ ? incentive payments.	Utilization Incentives in Contract: (check all that apply)	Comments
5	 X Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	
6	 X Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	
7	 x Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	
8	 X Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	

Additional Questions for Hospital Outpatient Services

1. List the five most common areas of quality and service incentives in your company's hospital outpatient contracts:

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

(These measures apply to our hospital contracts that combine inpatient and outpatient services.)

- i. Joint Commission measures (e.g., AMI, CHF, pneumonia)
- ii. Leapfrog measures (e.g., CPOD, ICU staffing)
- iii.Prevention of "Never Events"
- iv.Surgical infection rates
- v. Readmission rates

2. P	ercent of total payment	nts to RI Hospitals for c	utpatient services in CY 2011	spent on qualit	y incentive pay	ments.	0.1~1%	
------	-------------------------	---------------------------	-------------------------------	-----------------	-----------------	--------	--------	--

- 3. Percent of total payments to RI Hospitals for outpatient services in CY 2011 paid through units of service based on efficient resource use (i.e APC, Bundled Services or partial/global budgeting): ____n/a______
- 4. Estimated Payments in first six months of CY 2011 for Outpatient Services to Hospitals as % of what Medicare would have paid for similar set. of services: 222% (i.e. 122% over Medicare Reimbursement) (add comments or caveats)

For Outpatient Services, Tufts Health Plan has the technical capabilities to perform the required benchmarking analysis to Medicare; however, we have concerns about the confidence level in the accuracy of the supplied benchmark. Our concerns are due to a) the allowed reimbursement at a claim level was compared to fee information obtained from OPPS and CMS ancillary schedules such as Clinical Lab, DME etc.; b) we are not able to reprocess our claims through an OPPS Grouper and were limited to a line level reprice based on OPPS/Ancillary fees which means that exact Medicare reimbursement can only be approximated; c) Procedures that do not have a fee on OPPS/Ancillary schedules, or are billed in a different manner to Medicare (e.g., observation) were dropped from the analysis.

Additionally, Tufts Health Plan has concerns that the results may be skewed due to a few high-volume hospitals and the large number of providers reimbursed on a percent of charges basis – factors that may distort the data due to particular mix of services and chargemaster levels of PAF providers. Based on the concerns listed above it is our belief that a Medicare comparison might not result in a benchmark that is useful and could lead to unintended and/or misinterpreted conclusions that if made public could impact certain contract negotiations by putting upward pressure on unit costs.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Other Comments on Quality/Efficiency Incentives in Hospital Outpatient Contracting:

Part 3: Professional Groups

- "Professional Groups" is defined as non institutional/non facility groups with a valid contract and a single tax id number.
- Please provide information for the top 10 groups (measured by \$ paid in 2011), filling in one row per group (10 rows in the table total).

Group	Specialty Type	Unit of Payment for Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁶ ?	Utilization Incentives in Contract: (check all that apply)	Comments
1	Multi- specialty	x Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 7	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
2	Multi- specialty	_X_ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction use of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
3	Multi- specialty	_ X _ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code	No If yes - % of total payments for inpatient services in CY 2011 spent	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care	

⁶ Examples include supplemental payments beyond base fees for EMR adoption, structural changes, accreditation, process measures or patient satisfaction.

⁷ % for Incentive Payments plus % for Services = 100%. Incentive payments not specified for inpatient or outpatient should be classified as inpatient.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System State of Rhode Island Office of the Health Insurance Commissioner

> 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920-4407 (401) 462-9640 (401) 462-9645 (Fax)

Group	Specialty Type	Unit of Payment for Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁶ ?	Utilization Incentives in Contract: (check all that apply)	Comments
		Full/ Partial Capitation Other (please specify)	on quality incentive payments	use of pharmacy services Others (please specify)	
4	Sub - Specialty	_X_ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
5	Primary Care	_ X _ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. ———	Visit/Volume Reduction use of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
6	Primary Care	_X_Procedure-based methodology – using CPT, plan, provider or other codingAPC Code _Full/ Partial Capitation _Other (please specify)	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0~5%	 X Visit/Volume Reduction use of ancillary/referred services use of diagnostic tests overall efficiency of care x use of pharmacy services x Others (please specify) 	Quality/Member Satisfaction
7	Sub - Specialty	_ X _ Procedure-based methodology – using CPT, plan,	No	Visit/Volume Reductionuse of ancillary/referred services	

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Group	Specialty Type	Unit of Payment for Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁶ ?	Utilization Incentives in Contract: (check all that apply)	Comments
		provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
8	Sub - Specialty	_X_Procedure-based methodology – using CPT, plan, provider or other codingAPC CodeFull/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
9	Multi- specialty	_X_ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred servicesuse of diagnostic testsoverall efficiency of careuse of pharmacy servicesOthers (please specify)	
10	Multi- specialty	_X_Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Additional Questions for Professional Groups

- 1. List the five most common areas of quality and service incentives in your company's professional group contracts:
 - i. HEDIS (diabetes, breast cancer screening, colonoscopy, etc.)
 - ii. HCHAPS
 - iii. EMR adoption
 - iv. Inpatient and ER use
 - v. Rx Management
- 2. Percent of total payments to these ten professional groups in CY 2011 spent on quality incentive payments. ___<1%____
- 3. Percent of total payments to these ten professional groups in CY 2011 paid through units of service based on efficient resource use (i.e APC, Bundled Services or partial/global budgeting): ___n/a____
- 4. Estimated Payments in first six months of CY 2011 for Professional Group Services as % of what Medicare would have paid for similar set. of services: 122% (i.e. 22% over Medicare Reimbursement) (add comments or caveats)

The analysis was conducted using a claim line level comparison between allowed reimbursement and Medicare fee information obtained from RBRVS tables as well as Medicare ancillary schedules such as clinical lab, DME etc. Anesthesia services were also included. Procedures that Medicare does not reimburse but supplies RVU information for, such as preventive medicine and consults codes, are included at the RVU level rate for the Medicare comparison. Claims lines that do not have RBRVS/Ancillary schedule information were dropped from the analysis.

Additionally, Tufts Health Plan has concerns that the results may be skewed due to particular mix of services for providers. Based on the concerns listed above it is our belief that a Medicare comparison might not result in a benchmark that is useful and could lead to unintended and/or misinterpreted conclusions that if made public could impact certain contract negotiations by putting upward pressure on unit costs.

Other Comments on Quality/Efficiency Incentives in Professional Group Contracting:

Selected Contract Sections Showing Compliance To OHIC Conditions

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Effective for dates of service on or after January 1, 2011

Office of the Health Insurance Commissioner Conditions

<u>Pay-For-Performance:</u> [Redacted] is available for the Hospital to earn based upon quality and/or efficiency measures [redacted].

<u>Case Rates:</u> In the event [redacted] parties agree to meet to discuss the potential to transition to efficiency based payment methodologies (e.g., DRG, APC) in a manner that [redacted].

<u>Administrative Efficiency:</u> Tufts Health Plan agrees to assign a Contract Specialist to provide ongoing contract related support through the term of the agreement to help mitigate contract related issues.

The Hospital agrees to work with and communicate issues to the Contract Specialist on an ongoing basis and work in good faith to resolve contract related issues in a timely manner.

<u>Communication</u>: During calendar year 2011 parties agree to formalize clinical communication that promotes and measures improved clinical communications between the hospital and each patient/member's designated primary care physician, specialist physicians, long term care facility, or other providers.

<u>Public Release of Contract Terms:</u> Parties agree to allow the public release of terms outlined in this agreement if compelled by State regulatory authorities.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System
State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

 Please provide an excel spreadsheet in the following format, detailing the 2011 actual and 2013 requested small and large group administrative costs pmpm, allocated among the NAIC- financial statement administrative cost categories.
 Please explain any significant changes from the financial filing for 2011 (increases/decreases of more than five percent in a particular category).

	2011 Actual (fi	rom filed financial				
RI Insured HMO	state	ements)	2013 P	roposed	% Char	ige
		•				Large
	Small Group	Large Group	Small Group	Large Group	Small Group	Group
Total Estimated Member						
Months	4,509	18,246	4,480	19,600	-0.6%	7.4%
Total Estimated Premiums						
(\$pmpm)	\$378.21	\$397.92	\$417.71	\$439.41	10.4%	10.4%
Total General Administrative						
Expense	\$41.82	\$41.20	\$43.68	\$41.50	4.4%	0.7%
Total Cost Containment						
Expense	\$10.43	\$9.64	\$10.10	\$10.10	-3.2%	4.7%
Total Other Claim Adjustment Expense (\$pmpm)	\$7.99	\$7.38	\$7.73	\$7.73	-3.2%	4.7%
Breakdown of General Adminis	trative Expense	e (\$pmpm)				
a. Payroll and benefits	\$2.94	\$2.72	\$2.85	\$2.85	-3.2%	4.7%
b. Outsourced Services (EDP,						
claims etc.)	\$0.09	\$0.09	\$0.09	\$0.09	-3.2%	4.7%
c. Auditing and consulting	\$8.02	\$7.42	\$7.77	\$7.77	-3.2%	4.7%
d. Commissions	\$13.59	\$14.62	\$15.24	\$13.06	12.1%	-10.6%
e. Marketing and Advertising	\$1.76	\$1.63	\$1.71	\$1.71	-3.2%	4.7%
f. Legal Expenses	\$0.17	\$0.16	\$0.16	\$0.16	-3.2%	4.7%
g. Taxes, Licenses and Fees	\$7.56	\$7.96	\$8.83	\$8.83	16.8%	11.0%
h. Reimbursements by Uninsured Plans	\$0.00	\$0.00	\$0.00	\$0.00	0.0%	0.0%
i. Other Admin Expenses	\$7.68	\$6.62	\$7.04	\$7.04	-8.4%	6.4%

Notes

- The expense in any given administrative category may vary from year to year due to the small size of Tufts Health Plan's HMO block of business in Rhode Island. In aggregate, however, total admin has increased less than about 3% per year.
- 2. Please also provide an excel spreadsheet in the following format; detailing actual calendar year 2007-2011 fully insured commercial administrative costs, in accordance with the following table. This should be consistent with the annual statement filings to OHIC for administrative costs, providing additional detail on the components of administrative costs using the categories defined by NAIC financial statement and as allocated to commercially insured business only. Specifically, the information provided should agree with the "Exhibit of Premiums, Enrollment and Utilization" and the "Analysis of Operations by Line of Business" schedules included in the Annual Statements on file with OHIC. Where there are variance, a reconciliation and explanation should be provided.

Fully Insured Commercial Administrative Cost History

RI Insured HMO	2007	2008	2009	2010	2011
Total Premiums			1,212,134	6,544,977	8,965,746
Total General Administrative					
Expense			192,865	732,653	940,237
General Admin Exp. Ratio			15.9%	11.2%	10.5%
Total Fully Insured Member					
Months			3,878	18,547	22,755
General Administrative					
Expense (\$pmpm)			\$49.73	\$39.50	\$41.32
Breakdown of General Adminis	trative Expense	e (\$pmpm)			
a. Payroll and benefits		1	\$3.37	\$2.49	\$2.76
b. Outsourced Services (EDP,					
claims etc.)			\$0.01	\$0.01	\$0.09
c. Auditing and consulting			\$5.92	\$4.93	\$7.54
d. Commissions			\$11.74	\$16.10	\$14.41
e. Marketing and Advertising			\$2.52	\$1.72	\$1.66
f. Legal Expenses			\$0.08	\$0.11	\$0.16
g. Taxes, Licenses and Fees			\$6.25	\$7.06	\$7.88
h. Reimbursements by					
Uninsured Plans			\$0.00	\$0.00	\$0.00
i. Other Admin Expenses			\$19.85	\$7.03	\$6.83
Cost Containment Expense			20,663	158,478	222,967
Other Claim Adjustment					
Expense			27,194	151,819	170,707
Total Self Insured Member					
Months for all Affiliated					
Companies doing business in					
RI			113,694	0	662

Notes:

 Total premiums for 2010 differ from the aggregate amount submitted in last year's filing, but are consistent with the individual small and large group figures submitted last year.

RI Insured HMO

- 3. At the request of OHIC's Health Insurance Advisory Council, please provide brief answers to the following questions
- In general and net of new taxes and fees, why should the rate of increase in Health Plan administrative costs exceed the general inflation rate?

Administrative expenses in total in a given year are adjusted for inflation, membership growth or loss and increases or decreases in corporate projects, which are often driven by regulatory requirements and government mandates. As a general practice, to set administrative expense targets for the annual financial plan, fixed administrative costs are grown at an inflationary rate. Variable administrative costs are then developed by applying inflation to the variable pmpm rate and then multiplying the inflated pmpm rate by planned member months. While those are the initial steps to develop targets, each administrative function is reviewed in detail to identify potential administrative cost savings and targets are adjusted accordingly.

• What percentage of administrative costs does your organization consider fixed for the next five years? Provide detail by expense categories.

For the total company, we currently consider 58% of our costs fixed as follows:

Fixed Administrative Costs by Category:	
Network Management	2%
Sales and Marketing	4%
Clinical Services	5%
Operations	5%
IT & Business Effectiveness	8%
Corporate Projects	14%
Fixed Overhead and Other	<u>20%</u>
Total Fixed Administrative Expenses	58%

• What administrative services are used by fully insured members that are not used by self-insured clients (e.g. broker commissions) and what are the estimated total costs (\$pmpm) for those services?

Administrative costs for fully insured membership include expenses associated with medical cost containment (\$9.80 pmpm), whereas in most cases self-insured clients bear these costs directly. Broker commissions (\$14.41 pmpm) are also not applicable to most self-insured clients.

 What does your plan use as its pmpm benchmarks or price points for commercial insurance administrative costs and why? We periodically participate in the benchmarking survey used to develop the *Sherlock Expense Evaluation Reports* (SEER) which are viewed as the definitive benchmarks for the functional areas of health plan administration. The Sherlock Expense Evaluation Reports (SEER) supply comprehensive and highly granular financial and operational metrics.



Health System Improvements Survey

The State of Rhode Island Office of the Health Insurance Commissioner Regulation 2 lists standards to be used by the Health Insurance Commissioner (Commissioner) for the assessment of the conduct of commercial health insurance issuers in Rhode Island for their efforts aimed at improving the efficiency and quality of health care delivery and increasing access to health care services. The standards include the following issuer activities:

- 1. Directing resources, including financial contributions, toward system-wide improvements in the state's health care system related to quality, access and efficiency, including providing support to local collaboratives, organizations, and initiatives that promote these three goals
- 2. Participating in the development and implementation of public policy issues related to health

To assist the Commissioner in this assessment, as part of the 2012 small and large employer group rate factor review process for commercial health insurance issuers in Rhode Island, please itemize and quantify your organization's contributions of finances and other material assets to these efforts in Rhode Island in calendar year 2011 in the following table.¹

System-wide Improvement Activity	Brief Description of Activity and How it Promotes Health Care System Quality, Access or Efficiency	Value of 2011 Issuer Contributions
Funding	Grants provided by the Tufts Health Plan Foundation and Community Relations to the following RI organizations to support wellness and safety initiatives	\$515,724
	Best Buddies International	
	Best Buddies Intergenerational College Project	
	Grant Amount: \$20,000	
	Mount St. Rita Health Centre	
	Blessings in a Back Pack	
	Grant Amount: \$5,000	
	Bethany Home of Rhode Island Inc.	

¹ The contributions can be to any entity other than a provider to improve medical and prevention services for all Rhode Islanders and to promote a coherent, integrated, and efficient statewide health care system.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920-4407 (401) 462-9640 (401) 462-9645 (Fax)

System-wide Improvement Activity	Brief Description of Activity and How it Promotes Health Care System Quality, Access or Efficiency	Value of 2011 Issuer Contributions
	Bethany Home Cares Grant Amount: \$43,036 • Homefront Health Care HIP-SAFE (Homefront Intervention to Prevent Slips & Falls in Elders) Grant Amount: \$59,438 • Rhode Island Free Clinic Inc. Healthy Lifestyles for Today and Tomorrow Grant Amount: \$60,000 • The Providence Center InShape Seniors Grant Amount: \$42,000 • Ocean State Center for Independent Living (OSCIL) Home Sweet Accessible Home Grant Amount: \$40,000 • Westbay Community Action Inc. Elder Safety Grant Amount: \$42,000 • Rhode Island Quality Institute Health Information Exchange Support Grant Amount: \$25,000 • EMR Payments \$179,250	
Participation in RI initiatives, programs and organizations	The goals of these programs, initiatives and organizations is to improve quality and/or transform primary care in the state: • CSI/Beacon (Project director, project manager, and nurse case manager support) \$38,329 • Value of Resource Time in Various Programs (Estimate of \$30,000 for 0.2 FTE for 2011) • RI DOH Medical Director meetings • RI Quality Partners Safe Transitions • RI Senate Commission on Hospital Payment Reform • RIQI Board of Directors • RI CSI Beacon Executive Committee	\$68,329

Thank you for your cooperation.

Tufts Insurance Company

Large Group Rate Filing -- Effective Date January 1, 2013

Part 1. Historical Information

Experience Period for Developing Rates

From 01/01/2009 12/31/2011

Utilization/Experience Data by Quarter (Last 12 Available Quarters)

								Incurred						Other				
					Incurred			Claims	Incurred			Quality	Other Cost	Claim	Other	Investment		
			Member	Earned	Claims	Incurred	Incurred Claims	Primary	Claims Other	Incurred		<u>Improveme</u>	Containmen	Adjustment	Operating	Income	Commission	Contribution
Quarter	End Date	IP Days	<u>Months</u>	<u>Premium</u>	<u>Total</u>	Claims IP	<u>OP</u>	Care	M/S	Claims Rx	Loss Ratio	nt Expense*	t Expense*	Expense*	Expense*	Credit	<u>s</u>	to Reserves
1 (Oldest)	03/31/2009	82	2,357	\$895,234	\$778,094	\$167,486	\$266,832	\$42,046	\$188,476	\$113,254	88.9%	\$17,395	\$10,077	\$13,183	\$79,159	N/A	\$37,942	(\$40,615)
2	06/30/2009	138	4,984	\$1,886,389	\$1,428,578	\$305,927	\$382,248	\$98,764	\$365,250	\$276,390	77.7%	\$36,783	\$21,309	\$27,876	\$167,386	N/A	\$80,230	\$124,227
3	09/30/2009	155	6,727	\$2,578,593	\$2,534,421	\$946,384	\$554,008	\$120,535	\$532,806	\$380,690	100.2%	\$49,647	\$28,762	\$37,625	\$225,924	N/A	\$108,288	(\$406,074)
4	12/31/2009	199	7,532	\$2,856,684	\$2,493,403	\$480,304	\$619,165	\$149,673	\$763,475	\$480,786	89.2%	\$55,189	\$31,973	\$41,826	\$251,526	N/A	\$120,377	(\$137,609)
5	03/31/2010	267	9,113	\$3,524,916	\$3,133,741	\$881,025	\$716,794	\$180,987	\$838,087	\$516,848	90.8%	\$65,248	\$30,966	\$40,509	\$235,871	N/A	\$140,525	(\$121,943)
6	06/30/2010	138	8,349	\$3,238,492	\$2,462,532	\$388,858	\$691,211	\$155,553	\$749,782	\$477,128	77.9%	\$59,789	\$28,375	\$37,119	\$216,122	N/A	\$128,767	\$305,789
7	09/30/2010	175	8,310	\$3,350,598	\$2,633,548	\$515,443	\$660,800	\$167,904	\$777,512	\$511,888	80.4%	\$59,623	\$28,296	\$37,017	\$215,385	N/A	\$128,410	\$248,319
8	12/31/2010	132	8,441	\$3,427,920	\$2,898,658	\$553,078	\$761,074	\$178,201	\$877,069	\$529,237	86.3%	\$60,544	\$28,733	\$37,588	\$218,734	N/A	\$130,393	\$53,268
9	03/31/2011	152	7,667	\$3,132,702	\$2,649,905	\$527,237	\$755,459	\$144,295	\$766,889	\$456,025	86.2%	\$49,674	\$31,249	\$38,226	\$191,980	N/A	\$109,362	\$62,306
10	06/30/2011	103	7,107	\$2,918,613	\$2,292,577	\$311,627	\$678,477	\$146,187	\$680,221	\$476,065	80.1%	\$46,046	\$28,966	\$35,434	\$177,958	N/A	\$101,374	\$236,259
11	09/30/2011	173	6,677	\$2,680,582	\$2,663,871	\$587,051	\$728,870	\$135,681	\$751,308	\$460,960	101.0%	\$43,260	\$27,214	\$33,290	\$167,191	N/A	\$95,241	(\$349,484)
12	12/31/2011	132	6,620	\$2,653,346	\$2,408,236	\$371,964	\$657,269	\$154,051	\$759,233	\$465,719	92.4%	\$42,890	\$26,981	\$33,006	\$165,764	N/A	\$94,428	(\$117,959)

^{*} These categories should conform generally to the reporting in the NAIC statement Underwriting & Investment Exhibit Part 3- Analysis of Expenses and/or to the Supplemental Health Care Exhibit, Lines 6.3 and 8.1 If any of the historical information reported is different from that period as reported in the prior rate filing, please provide a reconciliation and explanation showing the amount of each element of difference.

- Notes:

 1. The Other Operating Expenses shown above include taxes, licenses and fees, which were excluded in previous filings for the same time periods

 2. Primary care claims definition has been revised to match the Primary Care Spend report

- 2. Fixpenses such as network access fee, COB and claims interest are moved from Other M/S claims to administrative expenses according to NAIC definition
 4. Claims Total differences from the COB and claims interest are moved from Other M/S claims to administrative expenses according to NAIC definition
 4. Claims Total differences from the COB and claims interest are moved from Other M/S claims to administrative expenses according to NAIC definition
 5. Claims Total differences from the COB and COB an

Part 2. Prospective Information

A. 2013 Trend Factors for Projection Purposes (Annualized)

			Other M/S	<u>Rx</u>	Weighted Total
5.2%	6.7%	5.4%	4.7%	4.7%	5.4%
3.6%	3.4%	3.3%	1.8%	0.8%	2.6%
1.5%	3.2%	2.0%	2.9%	3.9%	2.8%
20.4%	26.5%	9.4%	26.3%	17.4%	100%
	1.5%	1.5% 3.2%	1.5% 3.2% 2.0%	1.5% 3.2% 2.0% 2.9%	1.5% 3.2% 2.0% 2.9% 3.9%

^{**} All elements should add or compound to the total. If anything is to be reported as "Other" please provide a description.

2012 Trend Factors for Projection Purposes (Annualized)

		•	-		Autism		
	<u>IP</u>	OP	Primary Care	Other M/S	Mandate	Rx	Neighted Total
Total	5.9%	7.6%	6.4%	4.8%	0.2%	0.3%	5.3%
Price Only	3.6%	3.7%	4.1%	1.3%		-3.6%	1.9%
Utilization	2.2%	3.8%	2.2%	3.5%		4.0%	3.3%
Other**							
Other**							
Other**							
				'			
Weights	20.2%	24.7%	8.4%	29.3%		17.4%	100%

^{**} All elements should add or compound to the total. If anything is to be reported as "Other" please provide a description.

B. The following items for the period to which the rate filing applies, by quarter:

					Quality						
					Improvem	Other Cost		Other			
		Average %	Expected	Expected	ent	Containme	Other Claim	Operating	<u>Average</u>	Investment	
	Beginning	Rate	Pure Medical	Contribution to	Expense	nt Expense	Adjustment	Expense	Commissions	Income	Premium
Quarter	Date	Increase	Cost Ratio	Reserves %	<u>%*</u>	<u>%*</u>	Expense %*	<u>%*</u>	<u>%*</u>	Credit %	Tax %
1	01/01/2013	6.8%	85.7%	0.0%	1.6%	1.1%	1.4%	4.5%	2.7%	0.0%	3.0%
2	04/01/2013	6.5%	85.7%	0.0%	1.6%	1.1%	1.4%	4.5%	2.7%	0.0%	3.0%
3	07/01/2013	6.6%	85.7%	0.0%	1.6%	1.1%	1.4%	4.5%	2.7%	0.0%	3.0%
4	10/01/2013	6.8%	85.7%	0.0%	1.6%	1.1%	1.4%	4.5%	2.7%	0.0%	3.0%
Weighted	Average	6.7%	85.7%	0.0%	1.6%	1.1%	1.4%	4.5%	2.7%	0.0%	3.0%

						Quality						
						<u>Improvem</u>	Other Cost		Other			
			Average %	Expected	Expected	ent	Containme	Other Claim	Operating	Average	Investment	
		Beginning	Rate	Pure Medical	Contribution to	Expense	nt Expense	<u>Adjustment</u>	Expense	Commissions	Income	Premium
	Quarter	Date	Increase	Cost Ratio	Reserves %	<u>%*</u>	<u>%*</u>	Expense %*	<u>%*</u>	<u>%*</u>	Credit %	Tax %
	1	01/01/2012	3.4%	87.0%	0.0%	1.1%	0.8%	1.1%	5.0%	2.7%	0.0%	2.3%
Г	2	04/01/2012	3.0%	87.0%	0.0%	1.1%	0.8%	1.1%	5.0%	2.7%	0.0%	2.3%
Г	3	07/01/2012	4.0%	87.0%	0.0%	1.1%	0.8%	1.1%	5.0%	2.7%	0.0%	2.3%
Г	4	10/01/2012	6.6%	87.0%	0.0%	1.1%	0.8%	1.1%	5.0%	2.7%	0.0%	2.3%
Г	Weighted	Average	4.2%	87.0%	0.0%	1.1%	0.8%	1.1%	5.0%	2.7%	0.0%	2.3%

^{*} These categories should conform generally to the reporting in the NAIC statement Underwriting & Investment Exhibit Part 3 - Analysis of Expenses and to the Supplemental Health Care Exhibit, Lines 6.3 and 8.1 The sum of the expenses, commissions, contributions to reserves, investment income credit, taxes and the medical loss ratio should be 100%.

C. Average Rate Increase Components

The following items should reconcile to the Weighted Average Percent Rate Increase for the year:

	Price	Utilization, Mix	<u>Total</u>
Hospital Inpatient Price	0.6%	0.3%	0.9%
Hospital Outpatient	0.8%	0.7%	1.5%
Primary Care	0.3%	0.2%	0.4%
Med/Surg Other Than Primary Care	0.4%	0.6%	1.0%
Pharmacy	0.1%	0.6%	0.7%
Administrative Expense (Aggregated)			0.6%
Contribution to Reserves			0.0%
Taxes and Assessments			0.9%
Legally Mandated Changes			0.0%
Prior Period Adjustment (+/-)			0.6%
Total			6.7%

Part 3. Retrospective Reconciliation of Experience with Filed Factors

			Filed Data ¹			PMPN	Increase ²	Standard	Plan PMPM ³	Standard Pla	an Increase4	Appr	oved	Loss	Ratio
V	Member	Earned	Incurred_	Premium_	Claims	D	Olai	D	Olai	Bi	Olaima	<u>Trend</u>	Contrib to	A =4=10/	F:110/
<u>Year</u>	<u>Months</u>	<u>Premium</u>	Claims Total	<u>PMPM</u>	PMPM PMPM	<u>Premium</u>	<u>Claims</u>	<u>Premium</u>	<u>Claims</u>	<u>Premium</u>	<u>Claims</u>	Increase%	Reserves%	Actual%	Filed%
2009	21,600	8,216,900	7,393,509	\$380.41	\$342.29			-	-			9.7%	0%	90.0%	87.0%
2010	34,213	13,541,926	11,373,683	\$395.81	\$332.44	4.0%	-2.9%	370.55	341.89	N/A	N/A	9.3%	0%	84.0%	87.0%
2011	28,071	11,385,244	10,196,459	\$405.59	\$363.24	2.5%	9.3%	-	-	N/A	N/A	9.2%	0%	89.6%	88.1%

¹ Corresponds to historical Information data in Part 1 above

^{1.} Due to the lack of credible experience, manual rates are developed by trending forward prior base rates to reflect trend changes. Therefore,

depending on the timing of trend change, rate increases may be different from trend increase. The difference is reflected as Prior Period Adjustment above.

² Percent increase compared to prior year

³ For most commonly held plan of benefits in 2010 and for the same plan of benefits in 2011 Note that the most commonly held plan of benefits in 2010 was not held by any plan in either 2009 or 2011

⁴ Percent increase compared to prior year

^{1.} Filed loss ratio for CY 2011 is the sum of the expected pure medical cost ratio and expected quality improvement expenses % in 2011 rate factor filling

Rhode Island Health Statement Supplement

Cover Sheet

Tufts Associated Health Maintenance Organizations & Tufts Company Name

Insurance Company

Enter NAIC# 95688 & 60177 **Reporting Year** 2011

Enter DBR registration # (TPAs)



OFFICE OF THE **HEALTH INSURANCE COMMISSIONER**

STATE OF RHODE ISLAND

Office of the Health Insurance Commissioner 1511 Pontiac Ave, Building #69 first floor Cranston, RI 02920 (401) 462-9517 (401) 462-9645 (fax) HealthInsInquiry@ohic.ri.gov

			- 1	1		2	^		-	-				7	0			10		11	
		1	1				3		4	5		6			8	9		10		11	
		1					1														
	Line of Business Exhibit																				
	Lille of Dusilless Exhibit						Stop loss/ I	Evenee										ther Medical No	n-		
Field		Compreh	nensive/Major me	edical	A	SO/TPA	loss/Reins		Medicare Part C	Medicare F	Part D	Medicare Supple	ement Policies Medic	raid/Other nublic	Student blank	et Dental		Comprehensive		cross all lines of b	usiness)
11010			Non-RI	All					RI Non-RI All			RI Non-			RI Non-RI					Non-RI	All
1 1	Membership Data																				
	Number of Polices or Certificates	197		197	1		1			91	91	3 -	3			_			- 292		202
	Number of Covered Lives	3,936	737	4,673	299	29	328			91	91		5						- 4,331		5,097
1	Member Months	48,618	8,909	57,527	603		662			1,062	1,062		60			-			- 50,343		59,311
-	Number of Polices or Certificates (Plans with PD benefits)	197	-	197	1	-	1			91 -	91							-	- 292		292
	Number of Covered Lives (Plans with PD benefits)	3,936	737	4,673	299	29	328			91 -	91		5 -					-	- 4,331		5,097
	Member Months (Plans with PD benefits)	48,618	8,909	57.527	603			-		1,062 -								-	- 50.343		59,311
	· · · · · · · · · · · · · · · · · · ·								1 1			1		1							
	Premiums/Claims																				
2	Premium	19,382,569	3.553.785	22.936.354	162.614	18,088 180,	702	- 1		146,221	146,221	23,160 -	23,160			-	- 1		- 19.714.564	3,571,873	23,286,437
	Claims/Medical Expenses	17,496,249	3,228,233	20,724,482	139,151	15,072 154,	222	-	-	405,690	405,690	20,052 -	20,052	-		-	-		- 18,061,142	3,243,305	21,304,446
	·																				
	Inpatient Facility																				
	Hospital																				
	1 In-state	3,158,748	206,043	3,364,791	17,550	- 17,	550	-	-		-		-	-		-	-		- 3,176,298	206,043	3,382,341
	2 Out-of-state	540,726	359,998	900,724	-	-	-	-	-		1		-	-		- 1	-		- 540,726		900,724
	3 Total (Lines 1 + 2)	3,699,474	566,041	4,265,515	17,550	- 17,	550	-							-			-	- 3,717,024	566,041	4,283,065
	SNF																				
3	4 In-state	33,154	5,624	38,778	-	-	-		-		-		-	-		- 1	-		- 33,154	5,624	38,778
"	5 Out-of-state	-	-	-	-	-	-		-		1		-	-		- 1	-			-	-
	6 Total (Lines 4 + 5)	33,154	5,624	38,778	-	-		-			1 -					- - -		-	- 33,154	5,624	38,778
	Other																				
	7 In-state	1,167	-	1,167	-	-	-	-	-		-		-	-		-	-		- 1,167	-	1,167
	8 Out-of-state	-	12,761	12,761	-	-	-	-	-		-		-	-		-	-			12,761	12,761
	9 Total (Lines 7 + 8)	1,167	12,761	13,928	-	-		-			-							-	- 1,167	12,761	13,928
1	0 Total Inpatient Facility (Lines 3 + 6 + 9)	3,733,795	584,427	4,318,222	17,550	- 17,	550	-			-							-	- 3,751,345	584,427	4,335,772
	•																				
	Outpatient Facility																				
	Hospital																				
	1 In-state	3,352,396	210,704	3,563,100		916 23,		-	-		-	1,633 -	1,633	-		-	-		- 3,376,704		3,588,324
1	2 Out-of-state	317,396	538,951	856,347	1,088		922	-	-		-		-	-		-	-		- 318,484		859,269
	3 Total (Lines 11 + 12)	3,669,791	749,655	4,419,447	23,763	2,749 26,	512	-			-	1,633 -	1,633 -					-	- 3,695,188	752,404	4,447,593
	SNF																				
	4 In-state	-	-	-	-	-	-	-	-		-		-	-		-	-		-	-	-
	5 Out-of-state	-	-	-	-	-	-	-	-		-		-	-		-	-		-	-	-
4	6 Total (Lines 14 + 15)	-	-	-	-	-		-			-							-	-	-	-
	Freestanding Ambulatory Care Facility																				
	7 In-state 8 Out-of-state	747,250	53,967	801,218			893	-	-		-			-		-	-		- 749,143		803,110
		168,850	101,890	270,740	-		631	-	-		-			-		-	-		- 168,850		275,371
	9 Total (Lines 17 +18)	916,100	155,858	1,071,958	1,893	4,631 6,	524				-							-	- 917,993	160,489	1,078,482
	Other	700 100		710 170			100				1	0.0	0.0								710.000
	20 In-state	728,426	17,731	746,156	2,074		189	-	-		-	310 -	310			-			- 730,809	17,845	748,655
		146,342	140,799	287,140			314	-			-	47 -				-			- 147,334 - 878 143		288,501
	Total (Lines 20 + 21) 3 Total Outpatient Facility (Lines 13 + 16 + 19 + 22)	874,767 5,460,659	158,529 1.064.042	1,033,296	3,019	484 3,: 7.864 36.:	503				-	357 - 1,990 -	357 - 1.990 -						 878,143 5,491,325 	159,013	1,037,156 6.563.231
4	10tal Outpatient Facility (Lines 13 + 16 + 19 + 22)	5,460,659	1,004,042	0,324,701	20,070	7,004 30,	559				-	1,990 -	1,990 -					-	- 5,491,323	1,071,906	0,303,231
	Primary Care																				
5	24 Total Primary Care	1,115,436	219,726	1,335,162	15 201	842 16,	042	1			_	679 -	679						- 1,131,316	220,567	1,351,883
4	T TOTAL T TIMALY CALC	1,110,430	213,120	1,335,102	10,201	042 16,	UTU			 		0/9	0/9			- 1			- 1,131,316	220,001	1,301,003
	Pharmacy																				
6	25 Total Pharmacy	3,060,587	545,750	3 606 327	11 737	1,491 46,	227	1.1		405,690	405 600	10,316 -	10,316						- 3,521,330	547,241	4,068,570
	Total Final macy	3,000,307	343,730	3,000,337	44,131	1,431 40,	LL1			+00,000	400,090	10,510	10,310	1 -		- 1 1			3,321,330	J41,241	+,000,570
	Medical/Surgical other than primary care																				
-	Medical/Surgical other than primary care	2.373.477	133,824	2.507.301	17.385	1.341 18.	706				_	E 254	E 254						- 2.396,216	135,165	2.531.381
7	26 In-state 27 Out-of-state	429,183	133,824 432,394	2,507,301 861,577	17,385		726 257	+		 	-	5,354 -		 		- -	+		- 2,396,216 - 429,625		2,531,381 863,834
	28 Total Other Medical/Surgical (Lines 26 + 27)	2,802,660	566,218	3,368,878		3,155 20,		-	_	 _ - - - - - - - - - 	+ -	5,354	5,354 -				+:+		- 429,625		3,395,215
L 1 2	Total Other Medical/Surgical (Lines 26 + 27)	∠,0U∠,00U	300,218	3,308,878	17,828	3,100 20,		1 -	- - -	<u> </u>		5,354 -	5,354 -	- 1 -	<u> </u>	- 1 - 1 -	1 - 1 -		- ∠,8∠5,841	509,374	ა,აყნ,215
	All other payments to medical providers																				
8	29 Total	1,323,112	249.070	1 574 400	15 150	1.720 16.	990			1		1,714 -	1,714	1 1			T - T		- 1,339,986	240 700	1,589,776
	. J Total	1,323,772	∠ 4 0,U/U	1,577,182	15,159	1,720 16,	DOV	-			-	1,/14	1,/14	-		-	1 - 1		- 1,339,986	249,790	1,509,776

_			1			2			3		4			5			6			7			8	
Market Exh	nibit (For Comprehensive/Major Medical Line of Business)	In	dividual			Small Group			Large Group		Associa	ion		Trust		Federal Emp	oloyee Hea	alth Benefit	Other	r Health Ma	arket	Total	'Across all mark	kets)
			Non-RI	All	RI	Non-RI	All	RI	Non-RI	All	RI Non-F		RI	Non-RI	All	RI	Non-RI	All		Non-RI		RI	Non-RI	A
Membership D	Dete.	IXI	NOII-IXI	ZSII	IM	11011-111	All	IXI	NOTETA	Zui	TO TOTAL	i Aii	181	Non-Itt	All	IXI	NOII-IXI	ZSII	IXI	NOII-IXI	All	IXI	TVOIT-TVI	
	Polices or Certificates				405		405	04		31												407		
		1	-			140	165	31	-			-			-			-			-	197 3.936	-	
	Covered Lives	1	-	1			842	3,233	597	3,830		-			-			-			-		737	
Member Mo		12	-	12		1,838	11,311	39,133	7,071	46,204		-			-			-			-	48,618	8,909	
	Polices or Certificates (Plans with PD benefits)	1	-			-	165	31	-	31				-	-	-	-	-	-	-	-	197	-	
	f Covered Lives (Plans with PD benefits) fonths (Plans with PD benefits)	1	-	10	702	140		3,233	597	3,830				-	-	-	-	-	-	-	-	3,936	737	
Member Mc	ionths (Plans with PD benefits)	12	-	12	9,473	1,838	11,311	39,133	7,071	46,204	-		-	-	-	-	-	-	-	-	-	48,618	8,909	
Premiums/Clai	aims																							
Premium		2,874		2,874		690,328		15,721,439	2,863,457	18,584,896		-			-						-	19,382,569	3,553,785	22
Claims/Med	edical Expenses	1,660	-	1,660	3,100,638	454,637	3,555,275	14,393,951	2,773,596	17,167,547					-			-			-	17,496,249	3,228,233	2
Inpatient Facili	lity																							
Hospital																								
1 In-state	e	-	-	-	441,217	49,217	490,434	2,717,530	156,826	2,874,356		-			-			-			-	3,158,748	206,043	3
2 Out-of-s	-state	-	-	-	52,816	12,154	64,969	487,911	347,844	835,755		-			-			-			-	540,726	359,998	
3 Total (I	Lines 1 + 2)	-	-	-	494.033	61,371	555,404	3,205,441	504,670	3,710,111	-		-	-	-	-	-	-	-	-	-	3,699,474	566,041	
SNF					.5 .,500	,	,	-,,	22.,270	*1 *1				-								.,,	,- 11	
4 In-state	e	-	-	-	7,542	-	7,542	25,612	5,624	31,236		-			-			- 1			- 1	33,154	5,624	
5 Out-of-s		-	-	-	- 1,0	-	- 1,0		-	-		-			-			-			-	-		
	Lines 4 + 5)	-	-	-	7,542	-	7,542	25,612	5,624	31,236	-			-	-	-	-	-	-	-	-	33,154	5,624	
Other	·									,	-			•									-7-	
7 In-state	e	-	-	-	-	-	-	1,167	-	1,167		-			-			-			-	1,167	-	
8 Out-of-s	-state	-	-	-	-	-	-	-	12,761	12,761		-			-			-			-	-	12,761	
	Lines 7 + 8)	-	-	-	-	-	-	1,167	12,761	13,928	-		-	-	-	-	-	-	-	-	-	1,167	12,761	
	Facility (Lines 3 + 6 + 9)	-	-	-	501,575	61,371	562,946	3,232,220	523,056	3,755,276	-		-	-	-	-	-	-	-	-	-	3,733,795	584,427	-
•											·		•											
Outpatient Fac	cility																							
Hospital																								
11 In-state	e	-	-	-	514,964	32,443	547,407	2,837,431	178,261	3,015,692		-			-			-			-	3,352,396	210,704	
12 Out-of-s	-state	-	-	-	117,047	54,151	171,198	200,349	484,800	685,149		-			-			-			-	317,396	538,951	
13 Total (L	Lines 11 + 12)	-	-	-	632,011	86,594	718,605	3,037,780	663,061	3,700,842	-		-	-	-	-	-	-	-	-	-	3,669,791	749,655	
SNF																								
SINI	e	-	-	-	-	-	-	-	-	-		-			-			-			-	-	-	
14 In-state	-state	-	-	-	-	-	-	-	-	-		-			-			-			-	-	-	
14 In-state 15 Out-of-s			-	-	-	-	-	-	-	-	-			-	-	-	-	,		-	-	-	-	
14 In-state 15 Out-of-s 16 Total (L	Lines 14 + 15)	-																						
14 In-state 15 Out-of-s 16 Total (L Freestanding Am	nbulatory Care Facility	-					165,515	586,997	48,705	635,702		-			-			-			-	747,250	53,967	
14 In-state 15 Out-of-s 16 Total (L Freestanding Am 17 In-state	nbulatory Care Facility e	-	-	-	160,253	5,262									-		_	-			-	168,850	101.890	
14	mbulatory Care Facility e -state		-	-	42,588	11,594	54,182	126,262	90,297	216,558		-												
14	nbulatory Care Facility e	-					54,182		90,297 139,002	216,558 852,260	-			-	-	-	-	-	-	-	-	916,100	155,858	
14	mbulatory Care Facility e -state	- - -	-	-	42,588 202,841	11,594	54,182 219,698	126,262 713,259	139,002	852,260	-			-	=	-	-	-	-	-	-	916,100		
14	nbulatory Care Facility e e state Lines 17 + 18)		-	1,420	42,588 202,841 109,081	11,594 16,856 7,179	54,182 219,698 116,260	126,262 713,259 617,925	139,002	852,260 628,476	-		-	-	-	-	-	-	-	-	-	916,100	17,731	
14	nbulatory Care Facility	1,420	-	1,420	42,588 202,841 109,081 15,956	11,594 16,856 7,179 30,833	54,182 219,698 116,260 46,788	126,262 713,259 617,925 130,386	139,002 10,551 109,966	852,260 628,476 240,352	-		-	-	-	-	-		-	-		916,100 728,426 146,342	17,731 140,799	
14 In-state 15 Out-of-s 16 Total (L Freestanding Am 17 In-state 18 Out-of-s 19 Total (L Other 20 In-state 21 Out-of-s 21 Total (L	nbulatory Care Facility e e state Lines 17 + 18)	- - - - 1,420	-	1,420	42,588 202,841 109,081 15,956 125,037	11,594 16,856 7,179 30,833 38,012	54,182 219,698 116,260 46,788 163,048	126,262 713,259 617,925	139,002	852,260 628,476			-	-	-	-	-	-	-	-	-	916,100	17,731	1 6

5	Primary Care 24 Total Primary Care	-	-	-	236,566	66,277	302,843	878,870	153,449	1,032,319			-			-		-		-	1,115,436	219,726	1,335,162
6	Pharmacy 25 Total Pharmacy			-	560,457	63,013	623,470	2,500,130	482,738	2,982,868			-			-		-		-	3,060,587	545,750	3,606,337
	Medical/Surgical other than primary care	107		107	500,447	25.883	526,330	1,872,922	107,942	1,980,864											2,373,477	122 024	2,507,301
7	27 Out-of-state 28 Total Other Medical/Surgical (Lines 26 + 27)	- 107	-	107	100,752 601,200	54,851 80,734	155,604 681,934	328,431 2,201,353	377,542 485,484	705,973 2,686,837	-	-	-	-	-	-	-		-		429,183 2,802,660	133,824 432,394 566,218	861,577 3,368,878
8	All other payments to medical providers	133	-	133	240,951	41,780	282,732	1,082,028	206,290	1,288,317			-			- 1		-		-	1,323,112	248,070	1,571,182

2012 Rate Review Process Areas of Medical Expense Variation

Introductory Remarks

The stated goal of this exercise is to improve OHIC's understanding of the drivers of rising medical spending in Rhode Island by comparing the experience of the issuer's Rhode Island member base to a benchmark. For the purposes of this analysis, we have used our 2011 fully insured MA HMO experience as the benchmark. However, given the size of Tufts Health Plan's membership base in Rhode Island, the results of this comparative analysis will have limited credibility. Our relative costs by area of care have changed significantly in Rhode Island from year to year and are expected to continue to be volatile as our population in this market grows. Although we have commented on the probable causes of each variation listed, these fundamentally reflect a small, immature market compared to a much larger, more mature benchmark and should be interpreted with caution.

1. The top five areas of care, based on per capita total dollar value positive variation from the benchmark

		PMPM	
	Total Excess	Excess	
Area of Care	Spending	Spending	Comments on Estimated Cause
INPATIENT ACUTE MED/SURG	\$1,339,638	\$23.29	Attributable to higher utilization (both admits and ALOS), rather than unit cost.
			High cost claimants identified as having a disproportionately large impact.
			The higher number of admits may be a consequence of lower than benchmark outpatient professional care.
PHARMACY - Rx MM	\$717,042	\$12.46	Attributable to higher utilization across tiers and therapeutic classes.
			Higher utilization driven by more members in RI having prescriptions filled than in the benchmark population, rather than a higher number
			of prescriptions per member.
OUTPATIENT LABORATORY	\$558,538	\$9.71	Capitation strategy applied in the benchmark population successfully contains cost.
OUTPATIENT INJECTIONS	\$425,609	\$7.40	Driven primarily by a difference in payment methodology between RI and the benchmark population. Injection claims in RI are reimbursed
			on a fee for service basis while in the benchmark population they are reimbursed on a fee for service basis or bundled into an outpatient
			surgery case payment. More than 50% of the higher RI utilization is associated with outpatient surgery claims, which would not be
			separately identified in the benchmark population.
OUTPATIENT EMERGENCY ROOM	\$406,508	\$7.07	Attributable primarily to a higher cost per emergency room encounter. This higher cost per encounter is driven less by higher unit cost in RI
			and more by the higher number of services delivered within an emergency room encounter compared to the benchmark.

2. The top five areas of care, based on the percent of positive variation in per capita spending from the benchmark

	Percent of	Total	
	Positive	Excess	
Area of Care	Variation	Spending	Comments on Estimated Cause
OUTPATIENT INJECTIONS	158%	\$425,609	Driven primarily by a difference in payment methodology as described above.
FREE STANDING HIGH COST RADIOLOGY	124%	\$130,764	Higher utilization of allied health facilities, along with lower Outpatient Hospital High Cost Radiology utilization, reflects appropriate re-
(MRI, PET, CT)			direction of care to lower cost providers.
OUTPATIENT LABORATORY	96%	\$558,538	Capitation strategy applied in the benchmark population successfully contains cost.
INPATIENT OTHER	74%	\$117,886	Driven by Mental Health/Substance Abuse services. Capitation strategy for inpatient Mental Health/Substance Abuse within the benchmark
			population effective at containing costs.
OUTPATIENT EMERGENCY ROOM	63%	\$406,508	Attributable primarily to the number of services delivered within an emergency room encounter, as described above.



Provider Contracting Practices and Hospital Contracting Conditions Verification Questionnaire

Background

The Health Insurance Advisory Council (HIAC) to the State of Rhode Island Office of the Health Insurance Commissioner (OHIC) has promulgated Affordability Standards for commercial health insurance issuers in Rhode Island.

Health plans will improve the affordability of health care in Rhode Island by focusing their efforts upon provider payment reform, beginning with primary care. Achievement of this goal will not add to overall medical spend in the short-term, and is expected to produce savings thereafter. Specific areas of focus in support of this goal are as follows:

- 1. Expand and improve the primary care infrastructure in the state—with limitations on ability to pass on cost in premiums
- 2. Spread Adoption of the "Chronic Care Model" Medical Home
- 3. Standardize electronic medical record (EMR) incentives
- 4. Work toward comprehensive payment reform across the delivery system

To support standard four, OHIC has previously issued six conditions for issuer contracts with hospitals in Rhode Island, to be implemented by issuers upon contract execution, renewal, or extension. These are as follows:

- 1. Utilize unit of service payment methodologies for both inpatient and hospital outpatient services that realign payment to provide incentives for efficient use of health services, and are derived from nationally utilized payment practices other than fee for service.
- 2. Limit average annual effective rates of price increase for both inpatient and outpatient services to a weighted amount equal to or less than the Centers for Medicare and Medicaid Services (CMS) National Prospective Payment System Hospital Input Price Index ("Index"), for all contractual and optional years covered by the contract
- 3. Provide the opportunity for hospitals to increase their total annual revenue for

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

commercially insured enrollment under the contract by at least additional two percentage points over the previous contract year by improving or attaining mutually agreed-to performance levels for no less than three nationally-accepted clinical quality, service quality or efficiency-based measures.

- 4. Include terms that define the parties' mutual obligations for greater administrative efficiencies
- 5. Include terms that promote and measure improved clinical communications between the hospital and each patient/member's designated primary care physician, specialist physicians, long term care facility, or other providers.
- 6. Include terms that explicitly relinquish the right of either party to contest the public release of the any and all of these five specific terms by state officials or the participating parties to the agreement.

The purpose of this questionnaire is to assess compliance with standard four of the Affordability Standards and to consider the responses in connection with OHIC's 2012 small and large employer group rate factor review process for commercial health insurance issuers in Rhode Island.

Directions

- 1. Please fill out all parts of questionnaire.
- 2. As no providers are identified and no financial details are solicited, none of this information will be considered proprietary or confidential. Should any information or document be considered confidential by the filer, the filer must request approval of the Health Insurance Commissioner. The request must identify the specific information or document (or portion thereof) which the filer considers confidential, accompanied by a factual and legal analysis supporting the request.
- 3. Questionnaire responses must be verified by filing those portions of each hospital contract which support the survey response. An index or other method of reference must be included to identify which hospital contract documentation relates to each survey response. Any contract excerpts provided will be summarized for review.
- 4. Please contact OHIC with any questions.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407 (401) 462-9640

(401) 462-9645 (Fax)

www.ohic.ri.gov

THIS INFORMATION IS A TRADE SECRET AND MAY NOT BE DISCLOSED TO THIRD PARTIES WITHOUT TUFTS HEALTH PLAN'S PERMISSION

General comment:

Tufts Health Plan has a long standing commitment to investment in payer-provider incentive alignment, and we maintain hospital and physician incentive programs that apply to the vast majority of our network providers. As a relatively new entrant into the RI market, we are at an early stage of incorporating incentive mechanisms into our RI provider contracts. Provider incentive will be a key component of our contracting strategy as we grow our presence in the state of RI.

Tufts Health Plan requests that the information provided in response to this survey be deemed to constitute "trade secrets" within the meaning of the term in section 38-2-2(4)(i)(B) of the Rhode Island General Laws. We have included a footer stating "THIS INFORMATION IS A TRADE SECRET AND MAY NOT BE DISCLOSED TO THIRD PARTIES WITHOUT TUFTS HEALTH PLAN'S PERMISSION".

Finally, due to the questionable reliability of certain information provided in our responses, which is explained in further detail below, it is Tufts Health Plan's expectation and understanding that the information provided in this Provider Survey will not be used or considered in OHIC's review of Tufts Health Plan's rates.

Part 1. Hospital Inpatient Services

- Please fill out one row in the chart below for <u>each</u> general service institution (no specialty care, no rehab) with whom you contract in RI.
- Institution means hospital system if all contractual terms other than \$ amounts apply identically across all inpatient facilities in the contract.
- Incentives refer to activities or measures resulting in additional payments by the insurer.

	Duration of Current		Does Contract have				
	Contract since inception		provision for additional			Does this contract comply with	
	or last renewal,	Unit of Payment for	outlier payments and/or	Are there Quality or Customer	Utilization Incentives in	OHIC's July 2011 Rate Factor	
Institution/	whichever is later	Services (check all	severity adjusters (y/n)	Service Incentives in Contract	Contract: (check all that	Decision – Additional	
System	(years)	that apply)	and any comments	(y/n) ¹ ?	apply)	Conditions? ²	Comments

¹ Examples include supplemental payments beyond base fees for Bridges to Excellence Measure, Medicare Compare measures, HIT adoption, or customer satisfaction measures.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

www.ohic.ri.gov

THIS INFORMATION IS A TRADE SECRET AND MAY NOT BE DISCLOSED TO THIRD PARTIES WITHOUT TUFTS HEALTH PLAN'S PERMISSION

² Attach analysis and relevant documentation from contracts to demonstrate compliance status.

Institution/ System 1	Duration of Current Contract since inception or last renewal, whichever is later (years) 3 Years	Unit of Payment for Services (check all that apply) X DRG X Per Diem% of Charges Bundled Services Capitation or other budgetingOthers (please specify)	Does Contract have provision for additional outlier payments and/or severity adjusters (y/n) and any comments	Are there Quality or Customer Service Incentives in Contract (y/n)¹? No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. ³	Utilization Incentives in Contract: (check all that apply) admission reductions day reductions process/structural changes (e.g. discharge practices)Others (please specify)	Does this contract comply with OHIC's July 2011 Rate Factor Decision – Additional Conditions? ² N/A (Contract has not been renegotiated)	Comments
2	3 Years	x_DRG x_Per Diem% of Charges Bundled Services Capitation or other budgetingOthers (please specify)	Yes to additional outlier provision	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0.5~1.0%	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	
3	3 Years	DRGPer Diem _x % of Charges Bundled Services	No	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality	admission reductions day reductions Others (please specify)	N/A (Contract has not been renegotiated)	

³ % for Incentive Payments plus % for Services = 100%. Incentive payments not specified for inpatient or outpatient should be classified as inpatient.

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Institution/ System	Duration of Current Contract since inception or last renewal, whichever is later (years)	Unit of Payment for Services (check all that apply) Capitation or other budgetingOthers (please specify)	Does Contract have provision for additional outlier payments and/or severity adjusters (y/n) and any comments	Are there Quality or Customer Service Incentives in Contract (y/n)¹? incentive payments. 0.1~0.5%	Utilization Incentives in Contract: (check all that apply)	Does this contract comply with OHIC's July 2011 Rate Factor Decision – Additional Conditions? ²	Comments
4	2 Years	DRG _x_Per Diem% of Charges Bundled Services Capitation or other budgetingOthers (please specify)	Yes to additional outlier provision	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	
5	3 Years	DRGPer Diem x % of ChargesBundled Services Capitation or other budgetingOthers (please specify)	No	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	
6	3 Years	DRGPer Diem _x % of ChargesBundled	No	No If yes - % of total payments for inpatient services in CY	admission reductions day reductions Others (please specify)	N/A (Contract has not been renegotiated)	

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Institution/ System	Duration of Current Contract since inception or last renewal, whichever is later (years)	Unit of Payment for Services (check all that apply) Services Capitation or other budgetingOthers (please	Does Contract have provision for additional outlier payments and/or severity adjusters (y/n) and any comments	Are there Quality or Customer Service Incentives in Contract (y/n)¹? 2011 spent on quality incentive payments.	Utilization Incentives in Contract: (check all that apply)	Does this contract comply with OHIC's July 2011 Rate Factor Decision – Additional Conditions? ²	Comments
7	1 Year	specify) DRGYer Diem% of ChargesBundled ServicesCapitation or other budgetingOthers (please specify)	Yes to additional outlier provision	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments 0-2%	_X_ admission reductions _X day reductionsOthers (please specify)	Yes, please see attached	
8	3 Years	DRG _x_Per Diem% of ChargesBundled Services Capitation or other budgetingOthers (please specify)	Yes to additional outlier provision	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	

Additional Questions for Hospital Inpatient Services

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

1. List the five most common areas of quality and service incentives in your company's inpatient contracts:

(These measures apply to our hospital contracts that combine inpatient and outpatient services.)

- i. Joint Commission measures (e.g., AMI, CHF, pneumonia)
- ii. Leapfrog measures (e.g., CPOD, ICU staffing)
- iii.Prevention of "Never Events"
- iv. Surgical infection rates
- v. Readmission rates
- 2. Estimated Percent of total payments to RI Hospitals for inpatient services in CY 2011 spent on quality incentive payments. 0.1~1%
- 3. Estimated Percent of total payments to RI Hospitals for inpatient services in CY 2011 paid through units of service based on efficient resource use (i.e DRG, Capitation, Bundled Service or partial/global budgeting): <5%
- **4.** Estimated Payments in first six months of CY 2011 for Inpatient Services to Hospitals as % of what Medicare would have paid for similar set. of services: See comment (add comments or caveats)

For inpatient services Tufts Health Plan does not currently have the technical capability to benchmark to Medicare IPPS reimbursement. Conducting such analysis would require incremental time, resources and technical capabilities. Benchmarking Tufts Health Plan inpatient payments to Medicare IPPS may yield volatile and potentially unreliable results due to a) differences in reimbursement methodology (Tufts Health Plan reimburses the majority of inpatient claims on either a Per Diem or Percent of Charge basis); b) our relatively small volume of business in Rhode Island; c) mix of services; and d) chargemaster levels to some of the hospitals in Rhode Island. Additionally, it is our belief that a Medicare comparison for some hospitals that perform very specific services, like Obstetrics, will not result in a comparison that is useful and may lead to unintended and/or misinterpreted conclusions.

Other Comments on Quality/Efficiency Incentives in Hospital Inpatient Contracting:

Part 2. Hospital Outpatient Services

- Please fill out one row in the chart below for each general service institution (no specialty care, no rehab) with whom you contract in RI.
- Institution means hospital system if all contractual terms other than dollar amounts apply identically across all inpatient facilities in the contract.
- Outpatient Services include any services not involving an admission and covered under the contract with the institution.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System
State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

www.ohic.ri.gov

Institution/ System	Unit of Payment for Outpatient Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁴ ?	Utilization Incentives in Contract: (check all that apply)	Comments
1	 x_Procedure-based methodology – using plan, provider or industry coding. APC Code Other (please specify) 	No If yes - %of total payments for inpatient services in CY 2011 spent on quality incentive payments. ⁵	Visit/Volume Reduction Others (please specify)	
2	 X Procedure-based methodology – using plan, provider or industry coding. APC Code Other (please specify) 	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0.5~1.0%	Visit/Volume Reduction Others (please specify)	
3	 x_Procedure-based methodology – using plan, provider or industry coding. APC Code Other (please specify) 	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0.1~0.5%	Visit/Volume Reduction Others (please specify)	
4	 x_Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality	Visit/Volume Reduction Others (please specify)	

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

⁴ Examples include supplemental payments beyond base fees for structural changes such as HIT, process measures or customer satisfaction.
⁵ % for Incentive Payments plus % for Services = 100%. Incentive payments not specified for inpatient or outpatient should be classified as inpatient.

Institution/ System	Unit of Payment for Outpatient Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁴ ? incentive payments.	Utilization Incentives in Contract: (check all that apply)	Comments
5	 X Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	
6	 X Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	
7	 x Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	
8	 X Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	

Additional Questions for Hospital Outpatient Services

1. List the five most common areas of quality and service incentives in your company's hospital outpatient contracts:

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

(These measures apply to our hospital contracts that combine inpatient and outpatient services.)

- i. Joint Commission measures (e.g., AMI, CHF, pneumonia)
- ii. Leapfrog measures (e.g., CPOD, ICU staffing)
- iii.Prevention of "Never Events"
- iv.Surgical infection rates
- v. Readmission rates

2. P	ercent of total paymen	nts to RI Hospitals for c	utpatient services in CY 2011	spent on qualit	y incentive pay	ments.	0.1~1%	
------	------------------------	---------------------------	-------------------------------	-----------------	-----------------	--------	--------	--

- 3. Percent of total payments to RI Hospitals for outpatient services in CY 2011 paid through units of service based on efficient resource use (i.e APC, Bundled Services or partial/global budgeting): ____n/a______
- 4. Estimated Payments in first six months of CY 2011 for Outpatient Services to Hospitals as % of what Medicare would have paid for similar set. of services: 222% (i.e. 122% over Medicare Reimbursement) (add comments or caveats)

For Outpatient Services, Tufts Health Plan has the technical capabilities to perform the required benchmarking analysis to Medicare; however, we have concerns about the confidence level in the accuracy of the supplied benchmark. Our concerns are due to a) the allowed reimbursement at a claim level was compared to fee information obtained from OPPS and CMS ancillary schedules such as Clinical Lab, DME etc.; b) we are not able to reprocess our claims through an OPPS Grouper and were limited to a line level reprice based on OPPS/Ancillary fees which means that exact Medicare reimbursement can only be approximated; c) Procedures that do not have a fee on OPPS/Ancillary schedules, or are billed in a different manner to Medicare (e.g., observation) were dropped from the analysis.

Additionally, Tufts Health Plan has concerns that the results may be skewed due to a few high-volume hospitals and the large number of providers reimbursed on a percent of charges basis – factors that may distort the data due to particular mix of services and chargemaster levels of PAF providers. Based on the concerns listed above it is our belief that a Medicare comparison might not result in a benchmark that is useful and could lead to unintended and/or misinterpreted conclusions that if made public could impact certain contract negotiations by putting upward pressure on unit costs.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Other Comments on Quality/Efficiency Incentives in Hospital Outpatient Contracting:

Part 3: Professional Groups

- "Professional Groups" is defined as non institutional/non facility groups with a valid contract and a single tax id number.
- Please provide information for the top 10 groups (measured by \$ paid in 2011), filling in one row per group (10 rows in the table total).

Group	Specialty Type	Unit of Payment for Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁶ ?	Utilization Incentives in Contract: (check all that apply)	Comments
1	Multi- specialty	x Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 7	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
2	Multi- specialty	_X_ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction use of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
3	Multi- specialty	_ X _ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code	No If yes - % of total payments for inpatient services in CY 2011 spent	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care	

⁶ Examples include supplemental payments beyond base fees for EMR adoption, structural changes, accreditation, process measures or patient satisfaction.

⁷ % for Incentive Payments plus % for Services = 100%. Incentive payments not specified for inpatient or outpatient should be classified as inpatient.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System State of Rhode Island Office of the Health Insurance Commissioner

> 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920-4407 (401) 462-9640 (401) 462-9645 (Fax)

Group	Specialty Type	Unit of Payment for Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁶ ?	Utilization Incentives in Contract: (check all that apply)	Comments
		Full/ Partial Capitation Other (please specify)	on quality incentive payments	use of pharmacy services Others (please specify)	
4	Sub - Specialty	_X_ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
5	Primary Care	_ X _ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. ———	Visit/Volume Reduction use of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
6	Primary Care	_X_Procedure-based methodology – using CPT, plan, provider or other codingAPC Code _Full/ Partial Capitation _Other (please specify)	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0~5%	 X Visit/Volume Reduction use of ancillary/referred services use of diagnostic tests overall efficiency of care x use of pharmacy services x Others (please specify) 	Quality/Member Satisfaction
7	Sub - Specialty	_ X _ Procedure-based methodology – using CPT, plan,	No	Visit/Volume Reductionuse of ancillary/referred services	

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Group	Specialty Type	Unit of Payment for Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁶ ?	ervice Incentives in Contract Utilization Incentives in Contract: (check all that apply)	
		provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
8	Sub - Specialty	_X_Procedure-based methodology – using CPT, plan, provider or other codingAPC CodeFull/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
9	Multi- specialty	_X_ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred servicesuse of diagnostic testsoverall efficiency of careuse of pharmacy servicesOthers (please specify)	
10	Multi- specialty	_X_Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Additional Questions for Professional Groups

- 1. List the five most common areas of quality and service incentives in your company's professional group contracts:
 - i. HEDIS (diabetes, breast cancer screening, colonoscopy, etc.)
 - ii. HCHAPS
 - iii. EMR adoption
 - iv. Inpatient and ER use
 - v. Rx Management
- 2. Percent of total payments to these ten professional groups in CY 2011 spent on quality incentive payments. ___<1%____
- 3. Percent of total payments to these ten professional groups in CY 2011 paid through units of service based on efficient resource use (i.e APC, Bundled Services or partial/global budgeting): ___n/a
- 4. Estimated Payments in first six months of CY 2011 for Professional Group Services as % of what Medicare would have paid for similar set. of services: 122% (i.e. 22% over Medicare Reimbursement) (add comments or caveats)

The analysis was conducted using a claim line level comparison between allowed reimbursement and Medicare fee information obtained from RBRVS tables as well as Medicare ancillary schedules such as clinical lab, DME etc. Anesthesia services were also included. Procedures that Medicare does not reimburse but supplies RVU information for, such as preventive medicine and consults codes, are included at the RVU level rate for the Medicare comparison. Claims lines that do not have RBRVS/Ancillary schedule information were dropped from the analysis.

Additionally, Tufts Health Plan has concerns that the results may be skewed due to particular mix of services for providers. Based on the concerns listed above it is our belief that a Medicare comparison might not result in a benchmark that is useful and could lead to unintended and/or misinterpreted conclusions that if made public could impact certain contract negotiations by putting upward pressure on unit costs.

Other Comments on Quality/Efficiency Incentives in Professional Group Contracting:

Selected Contract Sections Showing Compliance To OHIC Conditions

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Effective for dates of service on or after January 1, 2011

Office of the Health Insurance Commissioner Conditions

<u>Pay-For-Performance:</u> [Redacted] is available for the Hospital to earn based upon quality and/or efficiency measures [redacted].

<u>Case Rates:</u> In the event [redacted] parties agree to meet to discuss the potential to transition to efficiency based payment methodologies (e.g., DRG, APC) in a manner that [redacted].

<u>Administrative Efficiency:</u> Tufts Health Plan agrees to assign a Contract Specialist to provide ongoing contract related support through the term of the agreement to help mitigate contract related issues.

The Hospital agrees to work with and communicate issues to the Contract Specialist on an ongoing basis and work in good faith to resolve contract related issues in a timely manner.

<u>Communication</u>: During calendar year 2011 parties agree to formalize clinical communication that promotes and measures improved clinical communications between the hospital and each patient/member's designated primary care physician, specialist physicians, long term care facility, or other providers.

<u>Public Release of Contract Terms:</u> Parties agree to allow the public release of terms outlined in this agreement if compelled by State regulatory authorities.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System
State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

1. Please provide an excel spreadsheet in the following format, detailing the 2011 actual and 2013 requested small and large group administrative costs pmpm, allocated among the NAIC- financial statement administrative cost categories. Please explain any significant changes from the financial filing for 2011 (increases/decreases of more than five percent in a particular category).

	2011 Actual (fr	om filed financial					
RI Insured PPO	state	ements)	2013 P	roposed	% Change		
						Large	
	Small Group	Large Group	Small Group	Large Group	Small Group	Group	
Total Estimated Member							
Months	6,778	28,008	5,732	26,480	-15.4%	-5.5%	
Total Estimated Premiums							
(\$pmpm)	\$382.46	\$404.51	\$425.43	\$449.88	11.2%	11.2%	
Total General Administrative							
Expense	\$37.84	\$37.94	\$45.37	\$43.14	19.9%	13.7%	
Total Cost Containment							
Expense	\$10.43	\$9.64	\$11.73	\$11.73	12.5%	21.7%	
Total Other Claim Adjustment Expense (\$pmpm)	\$7.99	\$7.38	\$8.98	\$8.98	12.5%	21.7%	
Breakdown of General Adminis	trative Expense	(\$pmpm)					
 a. Payroll and benefits 	\$2.94	\$2.72	\$3.31	\$3.31	12.5%	21.7%	
 b. Outsourced Services (EDP, 							
claims etc.)	\$0.09	\$0.09	\$0.10	\$0.10	12.5%	21.7%	
c. Auditing and consulting	\$8.02	\$7.42	\$9.03	\$9.03	12.5%	21.7%	
d. Commissions	\$13.32	\$14.30	\$14.35	\$12.12	7.7%	-15.2%	
e. Marketing and Advertising	\$1.76	\$1.63	\$1.98	\$1.98	12.5%	21.7%	
f. Legal Expenses	\$0.17	\$0.16	\$0.19	\$0.19	12.5%	21.7%	
g. Taxes, Licenses and Fees	\$8.72	\$9.22	\$13.43	\$13.43	54.0%	45.6%	
h. Reimbursements by					0.00/	0.00	
Uninsured Plans	\$0.00	\$0.00	\$0.00	\$0.00	0.0%	0.0%	
i. Other Admin Expenses	\$2.82	\$2.42	\$2.99	\$2.99	6.1%	23.6%	

Notes

- 1. The expense in any given administrative category may vary from year to year due to the small size of Tufts Health Plan's PPO block of business in Rhode Island. In aggregate, however, total admin has increased less than about 3% per year
- 2. Please also provide an excel spreadsheet in the following format; detailing actual calendar year 2007-2011 fully insured commercial administrative costs, in accordance with the following table. This should be consistent with the annual statement filings to OHIC for administrative costs, providing additional detail on the components of administrative costs using the categories defined by NAIC financial statement and as allocated to commercially insured business only. Specifically, the information provided should agree with the "Exhibit of Premiums, Enrollment and Utilization" and the "Analysis of Operations by Line of Business" schedules included in the Annual Statements on file with OHIC. Where there are variance, a reconciliation and explanation should be provided.

Fully Insured Commercial Administrative Cost History

RI Insured PPO	2007	2008	2009	2010	2011
Total Premiums			12,373,810	17,393,107	13,921,729
Total General Administrative					
Expense			1,929,424	1,887,787	1,319,190
General Admin Exp. Ratio			15.6%	10.9%	9.5%
Total Fully Insured Member					
Months			33,738	45,416	34,786
General Administrative					
Expense (\$pmpm)			\$57.19	\$41.57	\$37.92
Breakdown of General Administ	rative Expense	(\$pmpm)			
 a. Payroll and benefits 			\$3.37	\$2.49	\$2.76
 b. Outsourced Services (EDP, 					
claims etc.)			\$0.01	\$0.01	\$0.09
 c. Auditing and consulting 			\$5.92	\$4.93	\$7.54
d. Commissions			\$18.10	\$16.49	\$14.11
e. Marketing and Advertising			\$2.52	\$1.72	\$1.66
f. Legal Expenses			\$0.08	\$0.11	\$0.16
g. Taxes, Licenses and Fees			\$7.34	\$8.74	\$9.12
h. Reimbursements by			ψ1.04	ψ0.7 -	ψ0.12
Uninsured Plans			\$0.00	\$0.00	\$0.00
i. Other Admin Expenses			\$19.85	\$7.09	\$2.50
,					·
Cost Containment Expense			179,767	385,924	340,764
Other Claim Adjustment					
Expense			236,579	369,709	260,894
Total Self Insured Member					
Months for all Affiliated			1		
Companies doing business in			1		
RI			113,694	0	662

RI Insured PPO

- 3. At the request of OHIC's Health Insurance Advisory Council, please provide brief answers to the following questions
- In general and net of new taxes and fees, why should the rate of increase in Health Plan administrative costs exceed the general inflation rate?

Administrative expenses in total in a given year are adjusted for inflation, membership growth or loss and increases or decreases in corporate projects, which are often driven by regulatory requirements and government mandates. As a general practice, to set administrative expense targets for the annual financial plan, fixed administrative costs are grown at an inflationary rate. Variable administrative costs are then developed by applying inflation to the variable pmpm rate and then multiplying the inflated pmpm rate by planned member months. While those are the initial steps to develop targets, each administrative function is reviewed in detail to identify potential administrative cost savings and targets are adjusted accordingly.

• What percentage of administrative costs does your organization consider fixed for the next five years? Provide detail by expense categories.

For the total company, we currently consider 58% of our costs fixed as follows:

Fixed Administrative Costs by Category:	
Network Management	2%
Sales and Marketing	4%
Clinical Services	5%
Operations	5%
IT & Business Effectiveness	8%
Corporate Projects	14%
Fixed Overhead and Other	<u>20%</u>
Total Fixed Administrative Expenses	58%

• What administrative services are used by fully insured members that are not used by self-insured clients (e.g. broker commissions) and what are the estimated total costs (\$pmpm) for those services?

Administrative costs for fully insured membership include expenses associated with medical cost containment (\$9.80 pmpm), whereas in most cases self-insured clients bear these costs directly. Broker commissions (\$14.11 pmpm) are also not applicable to most self-insured clients.

 What does your plan use as its pmpm benchmarks or price points for commercial insurance administrative costs and why? We periodically participate in the benchmarking survey used to develop the *Sherlock Expense Evaluation Reports* (SEER) which are viewed as the definitive benchmarks for the functional areas of health plan administration. The Sherlock Expense Evaluation Reports (SEER) supply comprehensive and highly granular financial and operational metrics.



Health System Improvements Survey

The State of Rhode Island Office of the Health Insurance Commissioner Regulation 2 lists standards to be used by the Health Insurance Commissioner (Commissioner) for the assessment of the conduct of commercial health insurance issuers in Rhode Island for their efforts aimed at improving the efficiency and quality of health care delivery and increasing access to health care services. The standards include the following issuer activities:

- 1. Directing resources, including financial contributions, toward system-wide improvements in the state's health care system related to quality, access and efficiency, including providing support to local collaboratives, organizations, and initiatives that promote these three goals
- 2. Participating in the development and implementation of public policy issues related to health

To assist the Commissioner in this assessment, as part of the 2012 small and large employer group rate factor review process for commercial health insurance issuers in Rhode Island, please itemize and quantify your organization's contributions of finances and other material assets to these efforts in Rhode Island in calendar year 2011 in the following table.¹

System-wide Improvement Activity	Brief Description of Activity and How it Promotes Health Care System Quality, Access or Efficiency	Value of 2011 Issuer Contributions
Funding	Grants provided by the Tufts Health Plan Foundation and Community Relations to the following RI organizations to support wellness and safety initiatives	\$515,724
	 Best Buddies International Best Buddies Intergenerational College Project Grant Amount: \$20,000 Mount St. Rita Health Centre Blessings in a Back Pack Grant Amount: \$5,000 	
	Blessings in a Back Pack	

¹ The contributions can be to any entity other than a provider to improve medical and prevention services for all Rhode Islanders and to promote a coherent, integrated, and efficient statewide health care system.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920-4407 (401) 462-9640 (401) 462-9645 (Fax) www.ohic.ri.gov

System-wide Improvement Activity	Brief Description of Activity and How it Promotes Health Care System Quality, Access or Efficiency	Value of 2011 Issuer Contributions
	Bethany Home Cares Grant Amount: \$43,036 • Homefront Health Care HIP-SAFE (Homefront Intervention to Prevent Slips & Falls in Elders) Grant Amount: \$59,438 • Rhode Island Free Clinic Inc. Healthy Lifestyles for Today and Tomorrow Grant Amount: \$60,000 • The Providence Center InShape Seniors Grant Amount: \$42,000 • Ocean State Center for Independent Living (OSCIL) Home Sweet Accessible Home Grant Amount: \$40,000 • Westbay Community Action Inc. Elder Safety Grant Amount: \$42,000 • Rhode Island Quality Institute Health Information Exchange Support Grant Amount: \$25,000 • EMR Payments \$179,250	
Participation in RI initiatives, programs and organizations	The goals of these programs, initiatives and organizations is to improve quality and/or transform primary care in the state: • CSI/Beacon (Project director, project manager, and nurse case manager support) \$38,329 • Value of Resource Time in Various Programs (Estimate of \$30,000 for 0.2 FTE for 2011) • RI DOH Medical Director meetings • RI Quality Partners Safe Transitions • RI Senate Commission on Hospital Payment Reform • RIQI Board of Directors • RI CSI Beacon Executive Committee	\$68,329

Thank you for your cooperation.

Tufts Insurance Company

Large Group Rate Filing -- Effective Date January 1, 201:

Part 1. Historical Information

Experience Period for Developing Rates

From 01/01/2009 12/31/2011

Utilization/Experience Data by Quarter (Last 12 Available Quarters)

								Incurred						<u>Other</u>				
					Incurred			Claims	Incurred			Quality	Other Cost	Claim	Other	Investment		
			Member	Earned	Claims	Incurred	Incurred Claims	Primary	Claims Other	Incurred		Improveme	Containmen	Adjustment	Operating	Income	Commission	Contribution
Quarter	End Date	IP Days	<u>Months</u>	Premium	Total	Claims IP	<u>OP</u>	Care	M/S	Claims Rx	Loss Ratio	nt Expense*	t Expense*	Expense*	Expense*	Credit	<u>s</u>	to Reserves
1 (Oldest)	03/31/2009	82	2,357	\$895,234	\$778,094	\$167,486	\$266,832	\$42,046	\$188,476	\$113,254	88.9%	\$17,395	\$10,077	\$13,183	\$79,159	N/A	\$37,942	(\$40,615)
2	06/30/2009	138	4,984	\$1,886,389	\$1,428,578	\$305,927	\$382,248	\$98,764	\$365,250	\$276,390	77.7%	\$36,783	\$21,309	\$27,876	\$167,386	N/A	\$80,230	\$124,227
3	09/30/2009	155	6,727	\$2,578,593	\$2,534,421	\$946,384	\$554,008	\$120,535	\$532,806	\$380,690	100.2%	\$49,647	\$28,762	\$37,625	\$225,924	N/A	\$108,288	(\$406,074)
4	12/31/2009	199	7,532	\$2,856,684	\$2,493,403	\$480,304	\$619,165	\$149,673	\$763,475	\$480,786	89.2%	\$55,189	\$31,973	\$41,826	\$251,526	N/A	\$120,377	(\$137,609)
5	03/31/2010	267	9,113	\$3,524,916	\$3,133,741	\$881,025	\$716,794	\$180,987	\$838,087	\$516,848	90.8%	\$65,248	\$30,966	\$40,509	\$235,871	N/A	\$140,525	(\$121,943)
6	06/30/2010	138	8,349	\$3,238,492	\$2,462,532	\$388,858	\$691,211	\$155,553	\$749,782	\$477,128	77.9%	\$59,789	\$28,375	\$37,119	\$216,122	N/A	\$128,767	\$305,789
7	09/30/2010	175	8,310	\$3,350,598	\$2,633,548	\$515,443	\$660,800	\$167,904	\$777,512	\$511,888	80.4%	\$59,623	\$28,296	\$37,017	\$215,385	N/A	\$128,410	\$248,319
8	12/31/2010	132	8,441	\$3,427,920	\$2,898,658	\$553,078	\$761,074	\$178,201	\$877,069	\$529,237	86.3%	\$60,544	\$28,733	\$37,588	\$218,734	N/A	\$130,393	\$53,268
9	03/31/2011	152	7,667	\$3,132,702	\$2,649,905	\$527,237	\$755,459	\$144,295	\$766,889	\$456,025	86.2%	\$49,674	\$31,249	\$38,226	\$191,980	N/A	\$109,362	\$62,306
10	06/30/2011	103	7,107	\$2,918,613	\$2,292,577	\$311,627	\$678,477	\$146,187	\$680,221	\$476,065	80.1%	\$46,046	\$28,966	\$35,434	\$177,958	N/A	\$101,374	\$236,259
11	09/30/2011	173	6,677	\$2,680,582	\$2,663,871	\$587,051	\$728,870	\$135,681	\$751,308	\$460,960	101.0%	\$43,260	\$27,214	\$33,290	\$167,191	N/A	\$95,241	(\$349,484)
12	12/31/2011	132	6,620	\$2,653,346	\$2,408,236	\$371,964	\$657,269	\$154,051	\$759,233	\$465,719	92.4%	\$42,890	\$26,981	\$33,006	\$165,764	N/A	\$94,428	(\$117,959)

^{*} These categories should conform generally to the reporting in the NAIC statement Underwriting & Investment Exhibit Part 3- Analysis of Expenses and/or to the Supplemental Health Care Exhibit, Lines 6.3 and 8.1 If any of the historical information reported is different from that period as reported in the prior rate filing, please provide a reconciliation and explanation showing the amount of each element of difference.

- 1. The Other Operating Expenses shown above include taxes, licenses and fees, which were excluded in previous fillings for the same time periods

- 2. Primary care claims definition has been revised to match the Primary Care Spend report
 3. Expenses such as network access fee, COB and claims interest are moved from Other M/S claims to administrative expenses according to NAIC definition
 4. Claims Total differences from the previous filings for the same time periods are due to updated liBNR factors that reflect more up to date claims payment, as well as the revision to the Other M/S claims definition
 5. Loss ratio is calculated as (Incurred Claims Total + Quality Improvement Expense) / Earned Premium

Part 2. Prospective Information

A. 2013 Trend Factors for Projection Purposes (Annualized)

	<u>I</u>
Total	5.
Price Only	3.
Utilization	1.5
Other**	
Other**	
Other**	
\A/a:	

<u>IP</u>	<u>OP</u>	Primary Care	Other M/S	<u>Rx</u>	Weighted Total
5.2%	6.7%	5.4%	4.7%	4.7%	5.4%
3.6%	3.4%	3.3%	1.8%	0.8%	2.6%
1.5%	3.2%	2.0%	2.9%	3.9%	2.8%
	-	·			•
20.4%	26.5%	9.4%	26.3%	17.4%	100%

Weights ** All elements should add or compound to the total. If anything is to be reported as "Other" please provide a description.

2012 Trend Factors for Projection Purposes (Annualized)

					<u>Autism</u>		
	<u>IP</u>	<u>OP</u>	Primary Care	Other M/S	Mandate	<u>Rx</u>	Neighted Tota
Total	5.9%	7.6%	6.4%	4.8%	0.2%	0.3%	5.3%
Price Only	3.6%	3.7%	4.1%	1.3%		-3.6%	1.9%
Utilization	2.2%	3.8%	2.2%	3.5%		4.0%	3.3%
Other**							
Other**							
Other**							
		•	•				
Weights	20.2%	24.7%	8.4%	29.3%		17.4%	100%

^{**} All elements should add or compound to the total. If anything is to be reported as "Other" please provide a description.

B. The following items for the period to which the rate filing applies, by quarter:

					Quality						
					Improvem	Other Cost		Other			
		Average %	Expected	Expected	ent	Containme	Other Claim	Operating	Average	Investment	
	Beginning	Rate	Pure Medical	Contribution to	Expense	nt Expense	Adjustment	Expense	Commissions	Income	Premium
Quarter	<u>Date</u>	Increase	Cost Ratio	Reserves %	<u>%*</u>	<u>%*</u>	Expense %*	<u>%*</u>	<u>%*</u>	Credit %	Tax %
1	01/01/2013	6.1%	86.4%	0.0%	1.6%	1.1%	1.4%	4.5%	2.7%	0.0%	2.3%
2	04/01/2013	5.8%	86.4%	0.0%	1.6%	1.1%	1.4%	4.5%	2.7%	0.0%	2.3%

3	07/01/2013	5.9%	86.4%	0.0%	1.6%	1.1%	1.4%	4.5%	2.7%	0.0%	2.3%
4	10/01/2013	6.1%	86.4%	0.0%	1.6%	1.1%	1.4%	4.5%	2.7%	0.0%	2.3%
Weighted	Average	6.0%	86.4%	0.0%	1.6%	1.1%	1.4%	4.5%	2.7%	0.0%	2.3%

					Quality						
					Improvem	Other Cost		Other			
		Average %	Expected	Expected	ent	Containme	Other Claim	Operating	Average	Investment	
	Beginning	Rate	Pure Medical	Contribution to	Expense	nt Expense	<u>Adjustment</u>	Expense	Commissions	Income	Premium
Quarter	Date	Increase	Cost Ratio	Reserves %	<u>%*</u>	<u>%*</u>	Expense %*	<u>%*</u>	<u>%*</u>	Credit %	Tax %
1	01/01/2012	3.4%	87.0%	0.0%	1.1%	0.8%	1.1%	5.0%	2.7%	0.0%	2.3%
2	04/01/2012	3.0%	87.0%	0.0%	1.1%	0.8%	1.1%	5.0%	2.7%	0.0%	2.3%
3	07/01/2012	4.0%	87.0%	0.0%	1.1%	0.8%	1.1%	5.0%	2.7%	0.0%	2.3%
4	10/01/2012	6.6%	87.0%	0.0%	1.1%	0.8%	1.1%	5.0%	2.7%	0.0%	2.3%
Weighte	ed Average	4.2%	87.0%	0.0%	1.1%	0.8%	1.1%	5.0%	2.7%	0.0%	2.3%

^{*} These categories should conform generally to the reporting in the NAIC statement Underwriting & Investment Exhibit Part 3 - Analysis of Expenses and to the Supplemental Health Care Exhibit, Lines 6.3 and 8.1 The sum of the expenses, commissions, contributions to reserves, investment income credit, taxes and the medical loss ratio should be 100%.

C. Average Rate Increase Components

The following items should reconcile to the Weighted Average Percent Rate Increase for the year:

	Price	Utilization, Mix	Total
Hospital Inpatient Price	0.6%	0.3%	0.9%
Hospital Outpatient	0.8%	0.7%	1.5%
Primary Care	0.3%	0.2%	0.4%
Med/Surg Other Than Primary Care	0.4%	0.7%	1.1%
Pharmacy	0.1%	0.6%	0.7%
Administrative Expense (Aggregated)			0.6%
Contribution to Reserves			0.0%
Taxes and Assessments			0.2%
Legally Mandated Changes			0.0%
Prior Period Adjustment (+/-)			0.6%
Total			6.0%

Note

Part 3. Retrospective Reconciliation of Experience with Filed Factors

			Filed Data ¹			PMPN	I Increase ²	Standard	l Plan PMPM ³	Standard Pla	an Increase4	Appr	oved	Loss	Ratio
<u>Year</u>	Member Months	Earned Premium	Incurred Claims Total	Premium PMPM	Claims PMPM	Premium	<u>Claims</u>	Premium	<u>Claims</u>	Premium	Claims	Trend Increase%	Contrib to Reserves%	Actual%	Filed%
2009	21,600	8,216,900	7,393,509	\$380.41	\$342.29			-	-			9.7%	0%	90.0%	87.0%
2010	34,213	13,541,926	11,373,683	\$395.81	\$332.44	4.0%	-2.9%	370.55	341.89	N/A	N/A	9.3%	0%	84.0%	87.0%
2011	28,071	11,385,244	10,196,459	\$405.59	\$363.24	2.5%	9.3%	-	1	N/A	N/A	9.2%	0%	89.6%	88.1%

¹ Corresponds to historical Information data in Part 1 above

Note

Due to the lack of credible experience, manual rates are developed by trending forward prior base rates to reflect trend changes. Therefore, depending on the timing of trend change, rate increases may be different from trend increase. The difference is reflected as Prior Period Adjustment above.

² Percent increase compared to prior year

³ For most commonly held plan of benefits in 2010 and for the same plan of benefits in 2011

Note that the most commonly held plan of benefits in 2010 was not held by any plan in either 2009 or 2011

⁴ Percent increase compared to prior year

^{1.} Filed loss ratio for CY 2011 is the sum of the expected pure medical cost ratio and expected quality improvement expenses % in 2011 rate factor filing

Rhode Island Health Statement Supplement

Cover Sheet

Tufts Associated Health Maintenance Organizations & Tufts Company Name

Insurance Company

Enter NAIC# 95688 & 60177 **Reporting Year** 2011

Enter DBR registration # (TPAs)



OFFICE OF THE **HEALTH INSURANCE COMMISSIONER**

STATE OF RHODE ISLAND

Office of the Health Insurance Commissioner 1511 Pontiac Ave, Building #69 first floor Cranston, RI 02920 (401) 462-9517 (401) 462-9645 (fax) HealthInsInquiry@ohic.ri.gov

			- 1	1		2	^		-	-				7	0			10		11	
		1	1				3		4	5		6			8	9		10		11	
							1														
	Line of Business Exhibit																				
	Lille of Dusilless Exhibit						Stop loss/ I	Evenee										ther Medical No	n-		
Field		Compreh	nensive/Major me	edical	A	SO/TPA	loss/Reins		Medicare Part C	Medicare F	Part D	Medicare Supple	ement Policies Medic	raid/Other nublic	Student blank	et Dental		Comprehensive		cross all lines of b	usiness)
11010			Non-RI	All					RI Non-RI All			RI Non-			RI Non-RI					Non-RI	All
1 1	Membership Data																				
	Number of Polices or Certificates	197		197	1		1			91	91	3 -	3			_			- 292		202
	Number of Covered Lives	3,936	737	4,673	299	29	328			91	91		5						- 4,331		5,097
1	Member Months	48,618	8,909	57,527	603		662			1,062	1,062		60			-			- 50,343		59,311
-	Number of Polices or Certificates (Plans with PD benefits)	197	-	197	1	-	1			91 -	91							-	- 292		292
	Number of Covered Lives (Plans with PD benefits)	3,936	737	4,673	299	29	328			91 -	91		5 -					-	- 4,331		5,097
	Member Months (Plans with PD benefits)	48,618	8,909	57.527	603			-		1,062 -								-	- 50.343		59,311
	· · · · · · · · · · · · · · · · · · ·								1 1			1									
	Premiums/Claims																				
2	Premium	19,382,569	3.553.785	22.936.354	162.614	18,088 180,	702	- 1		146,221	146,221	23,160 -	23,160			-	- 1		- 19.714.564	3,571,873	23,286,437
	Claims/Medical Expenses	17,496,249	3,228,233	20,724,482	139,151	15,072 154,	222	-	-	405,690	405,690	20,052 -	20,052	-		-	-		- 18,061,142	3,243,305	21,304,446
	·																				
	Inpatient Facility																				
	Hospital																				
	1 In-state	3,158,748	206,043	3,364,791	17,550	- 17,	550	-	-		-		-	-		-	-		- 3,176,298	206,043	3,382,341
	2 Out-of-state	540,726	359,998	900,724	-	-	-	-	-		1		-	-		- 1	-		- 540,726		900,724
	3 Total (Lines 1 + 2)	3,699,474	566,041	4,265,515	17,550	- 17,	550	-							-			-	- 3,717,024	566,041	4,283,065
	SNF																				
3	4 In-state	33,154	5,624	38,778	-	-	-		-		-		-	-		- 1	-		- 33,154	5,624	38,778
"	5 Out-of-state	-	-	-	-	-	-		-		1		-	-		- 1	-			-	-
	6 Total (Lines 4 + 5)	33,154	5,624	38,778	-	-		-			1 -					- - -		-	- 33,154	5,624	38,778
	Other																				
	7 In-state	1,167	-	1,167	-	-	-	-	-		-		-	-		-	-		- 1,167	-	1,167
	8 Out-of-state	-	12,761	12,761	-	-	-	-	-		-		-	-		-	-			12,761	12,761
	9 Total (Lines 7 + 8)	1,167	12,761	13,928	-	-		-			-							-	- 1,167	12,761	13,928
1	0 Total Inpatient Facility (Lines 3 + 6 + 9)	3,733,795	584,427	4,318,222	17,550	- 17,	550	-			-							-	- 3,751,345	584,427	4,335,772
	•																				
	Outpatient Facility																				
	Hospital																				
	1 In-state	3,352,396	210,704	3,563,100		916 23,		-	-		-	1,633 -	1,633	-		-	-		- 3,376,704		3,588,324
1	2 Out-of-state	317,396	538,951	856,347	1,088		922	-	-		-		-	-		-	-		- 318,484		859,269
	3 Total (Lines 11 + 12)	3,669,791	749,655	4,419,447	23,763	2,749 26,	512	-			-	1,633 -	1,633 -					-	- 3,695,188	752,404	4,447,593
	SNF																				
	4 In-state	-	-	-	-	-	-	-	-		-		-	-		-	-		-	-	-
	5 Out-of-state	-	-	-	-	-	-	-	-		-		-	-		-	-		-	-	-
4	6 Total (Lines 14 + 15)	-	-	-	-	-		-			-							-	-	-	-
	Freestanding Ambulatory Care Facility																				
	7 In-state 8 Out-of-state	747,250	53,967	801,218			893	-	-		-			-		-	-		- 749,143		803,110
		168,850	101,890	270,740	-		631	-	-		-			-		-	-		- 168,850		275,371
	9 Total (Lines 17 +18)	916,100	155,858	1,071,958	1,893	4,631 6,	524	-			-							-	- 917,993	160,489	1,078,482
	Other	700 100		710 170			100				1	0.0	0.0								710.000
	20 In-state	728,426	17,731	746,156	2,074		189	-	-		-	310 -	310			-			- 730,809	17,845	748,655
		146,342	140,799	287,140			314	-			-	47 -				-			- 147,334 - 878 143		288,501
	Total (Lines 20 + 21) 3 Total Outpatient Facility (Lines 13 + 16 + 19 + 22)	874,767 5,460,659	158,529 1.064.042	1,033,296	3,019	484 3,: 7.864 36.:	503				-	357 - 1,990 -	357 - 1.990 -						 878,143 5,491,325 	159,013	1,037,156 6.563.231
4	10tal Outpatient Facility (Lines 13 + 16 + 19 + 22)	5,460,659	1,004,042	0,324,701	20,070	7,004 30,	559				-	1,990 -	1,990 -					-	- 5,491,323	1,071,906	0,303,231
	Primary Care																				
5	24 Total Primary Care	1,115,436	219,726	1,335,162	15 201	842 16,	042	1			_	679 -	679						- 1,131,316	220,567	1,351,883
4	T TOTAL T TIMALY CALC	1,110,430	213,120	1,335,102	10,201	042 16,	UTU			 		0/9	0/9			- 1			- 1,131,316	220,001	1,301,003
	Pharmacy																				
6	25 Total Pharmacy	3,060,587	545,750	3 606 327	11 737	1,491 46,	227	1.1		405,690	405 600	10,316 -	10,316						- 3,521,330	547,241	4,068,570
	Total Final macy	3,000,307	343,730	3,000,337	44,131	1,431 40,	LL1			+00,000	400,090	10,510	10,310	1 -		- 1 1			3,321,330	J41,241	+,000,570
	Medical/Surgical other than primary care																				
-	Medical/Surgical other than primary care	2.373.477	133,824	2.507.301	17.385	1.341 18.	706				_	E 254	E 254						- 2.396,216	135,165	2.531.381
7	26 In-state 27 Out-of-state	429,183	133,824 432,394	2,507,301 861,577	17,385		726 257	+		 	-	5,354 -		 		- -	+-+		- 2,396,216 - 429,625		2,531,381 863,834
	28 Total Other Medical/Surgical (Lines 26 + 27)	2,802,660	566,218	3,368,878		3,155 20,		-	_	 _ - - - - - - - - - 	+ -	5,354	5,354 -				+:+		- 429,625		3,395,215
L 1 2	Total Other Medical/Surgical (Lines 26 + 27)	∠,0U∠,00U	300,218	3,308,878	17,828	3,100 20,		1 -	- - -	<u> </u>		5,354 -	5,354 -	- 1 -	<u> </u>	- 1 - 1 -	1 - 1 -		- ∠,8∠5,841	509,374	ა,აყნ,215
	All other payments to medical providers																				
8	29 Total	1,323,112	249.070	1 574 400	15 150	1.720 16.	990			1		1,714 -	1,714	1 1			T - T		- 1,339,986	240 700	1,589,776
	. J Total	1,323,772	∠ 4 0,U/U	1,577,182	15,159	1,720 16,	DOV	-			-	1,/14	1,/14	-		-	1 - 1		- 1,339,986	249,790	1,509,776

_			1			2			3		4			5			6			7			8	
Market Exh	nibit (For Comprehensive/Major Medical Line of Business)	In	dividual			Small Group			Large Group		Associa	ion		Trust		Federal Emp	oloyee Hea	alth Benefit	Other	r Health Ma	arket	Total	'Across all mark	kets)
			Non-RI	All	RI	Non-RI	All	RI	Non-RI	All	RI Non-F		RI	Non-RI	All	RI	Non-RI	All		Non-RI		RI	Non-RI	A
Membership D	Dete.	IXI	NOII-IXI	ZSII	IM	11011-111	All	IXI	NOTETA	Zui	TO TOTAL	i Aii	181	Non-Itt	All	IXI	NOII-IXI	ZSII	IXI	NOII-IXI	All	IXI	INOTI-INI	
	Polices or Certificates				405		405	04		31												407		
		1	-			140	165	31	-			-			-			-			-	197 3.936	-	
	Covered Lives	1	-	1			842	3,233	597	3,830		-			-			-			-		737	
Member Mo		12	-	12		1,838	11,311	39,133	7,071	46,204		-			-			-			-	48,618	8,909	
	Polices or Certificates (Plans with PD benefits)	1	-			-	165	31	-	31				-	-	-	-	-	-	-	-	197	-	
	f Covered Lives (Plans with PD benefits) fonths (Plans with PD benefits)	1	-	10	702	140		3,233	597	3,830				-	-	-	-	-	-	-	-	3,936	737	
Member Mc	ionths (Plans with PD benefits)	12	-	12	9,473	1,838	11,311	39,133	7,071	46,204	-		-	-	-	-	-	-	-	-	-	48,618	8,909	
Premiums/Clai	aims																							
Premium		2,874		2,874		690,328		15,721,439	2,863,457	18,584,896		-			-						-	19,382,569	3,553,785	22
Claims/Med	edical Expenses	1,660	-	1,660	3,100,638	454,637	3,555,275	14,393,951	2,773,596	17,167,547					-			-			-	17,496,249	3,228,233	2
Inpatient Facili	lity																							
Hospital																								
1 In-state	e	-	-	-	441,217	49,217	490,434	2,717,530	156,826	2,874,356		-			-			-			-	3,158,748	206,043	3
2 Out-of-s	-state	-	-	-	52,816	12,154	64,969	487,911	347,844	835,755		-			-			-			-	540,726	359,998	
3 Total (I	Lines 1 + 2)	-	-	-	494.033	61,371	555,404	3,205,441	504,670	3,710,111	-		-	-	-	-	-	-	-	-	-	3,699,474	566,041	
SNF					.5 .,500	,	,	-,,	22.,270	**********				-								.,,	,- 11	
4 In-state	e	-	-	-	7,542	-	7,542	25,612	5,624	31,236		-			-			- 1			- 1	33,154	5,624	
5 Out-of-s		-	-	-	- 1,0	-	- 1,0		-	-		-			-			-			-	-		
	Lines 4 + 5)	-	-	-	7,542	-	7,542	25,612	5,624	31,236	-			-	-	-	-	-	-	-	-	33,154	5,624	
Other	·									,	-			•									-7-	
7 In-state	e	-	-	-	-	-	-	1,167	-	1,167		-			-			-			-	1,167	-	
8 Out-of-s	-state	-	-	-	-	-	-	-	12,761	12,761		-			-			-			-	-	12,761	
	Lines 7 + 8)	-	-	-	-	-	-	1,167	12,761	13,928	-		-	-	-	-	-	-	-	-	-	1,167	12,761	
	Facility (Lines 3 + 6 + 9)	-	-	-	501,575	61,371	562,946	3,232,220	523,056	3,755,276	-		-	-	-	-	-	-	-	-	-	3,733,795	584,427	-
•											·		•											
Outpatient Fac	cility																							
Hospital																								
11 In-state	e	-	-	-	514,964	32,443	547,407	2,837,431	178,261	3,015,692		-			-			-			-	3,352,396	210,704	
12 Out-of-s	-state	-	-	-	117,047	54,151	171,198	200,349	484,800	685,149		-			-			-			-	317,396	538,951	
13 Total (L	Lines 11 + 12)	-	-	-	632,011	86,594	718,605	3,037,780	663,061	3,700,842	-		-	-	-	-	-	-	-	-	-	3,669,791	749,655	
SNF																								
SINI	e	-	-	-	-	-	-	-	-	-		-			-			-			-	-	-	
14 In-state	-state	-	-	-	-	-	-	-	-	-		-			-			-			-	-	-	
14 In-state 15 Out-of-s			-	-	-	-	-	-	-	-	-			-	-	-	-	,		-	-	-	-	
14 In-state 15 Out-of-s 16 Total (L	Lines 14 + 15)	-																						
14 In-state 15 Out-of-s 16 Total (L Freestanding Am	nbulatory Care Facility	-					165,515	586,997	48,705	635,702		-			-			-			-	747,250	53,967	
14 In-state 15 Out-of-s 16 Total (L Freestanding Am 17 In-state	nbulatory Care Facility e	-	-	-	160,253	5,262									-		_	-			-	168,850	101.890	
14	mbulatory Care Facility e -state		-	-	42,588	11,594	54,182	126,262	90,297	216,558		-												
14	nbulatory Care Facility e	-					54,182		90,297 139,002	216,558 852,260	-			-	-	-	-	-	-	-	-	916,100	155,858	
14	mbulatory Care Facility e -state	- - -	-	-	42,588 202,841	11,594	54,182 219,698	126,262 713,259	139,002	852,260	-			-	=	-	-	-	-	-	-	916,100	-	
14	nbulatory Care Facility e e state Lines 17 + 18)		-	1,420	42,588 202,841 109,081	11,594 16,856 7,179	54,182 219,698 116,260	126,262 713,259 617,925	139,002	852,260 628,476	-		-	-	-	-	-	-	-	-	-	916,100	17,731	
14	nbulatory Care Facility e -state Lines 17 + 18) e e e e e e e	1,420	-	1,420	42,588 202,841 109,081 15,956	11,594 16,856 7,179 30,833	54,182 219,698 116,260 46,788	126,262 713,259 617,925 130,386	139,002 10,551 109,966	852,260 628,476 240,352	-		-	-	-	-	-		-	-		916,100 728,426 146,342	17,731 140,799	
14 In-state 15 Out-of-s 16 Total (L Freestanding Am 17 In-state 18 Out-of-s 19 Total (L Other 20 In-state 21 Out-of-s 21 Total (L	nbulatory Care Facility e e state Lines 17 + 18)	- - - - 1,420	-	1,420	42,588 202,841 109,081 15,956 125,037	11,594 16,856 7,179 30,833 38,012	54,182 219,698 116,260 46,788 163,048	126,262 713,259 617,925	139,002	852,260 628,476			-	-	-	-	-	-	-	-	-	916,100	17,731	1 6

5	Primary Care 24 Total Primary Care	-	-	-	236,566	66,277	302,843	878,870	153,449	1,032,319			-			-		-		-	1,115,436	219,726	1,335,162
6	Pharmacy 25 Total Pharmacy			-	560,457	63,013	623,470	2,500,130	482,738	2,982,868			-			-		-		-	3,060,587	545,750	3,606,337
	Medical/Surgical other than primary care	107		107	500,447	25.883	526,330	1,872,922	107,942	1,980,864											2,373,477	122 024	2,507,301
7	27 Out-of-state 28 Total Other Medical/Surgical (Lines 26 + 27)	- 107	-	107	100,752 601,200	54,851 80,734	155,604 681,934	328,431 2,201,353	377,542 485,484	705,973 2,686,837	-	-	-	-	-	-	-		-		429,183 2,802,660	133,824 432,394 566,218	861,577 3,368,878
8	All other payments to medical providers	133	-	133	240,951	41,780	282,732	1,082,028	206,290	1,288,317			-			- 1		-		-	1,323,112	248,070	1,571,182

2012 Rate Review Process Areas of Medical Expense Variation

Introductory Remarks

The stated goal of this exercise is to improve OHIC's understanding of the drivers of rising medical spending in Rhode Island by comparing the experience of the issuer's Rhode Island member base to a benchmark. For the purposes of this analysis, we have used our 2011 fully insured MA HMO experience as the benchmark. However, given the size of Tufts Health Plan's membership base in Rhode Island, the results of this comparative analysis will have limited credibility. Our relative costs by area of care have changed significantly in Rhode Island from year to year and are expected to continue to be volatile as our population in this market grows. Although we have commented on the probable causes of each variation listed, these fundamentally reflect a small, immature market compared to a much larger, more mature benchmark and should be interpreted with caution.

1. The top five areas of care, based on per capita total dollar value positive variation from the benchmark

		PMPM	
	Total Excess	Excess	
Area of Care	Spending	Spending	Comments on Estimated Cause
INPATIENT ACUTE MED/SURG	\$1,339,638	\$23.29	Attributable to higher utilization (both admits and ALOS), rather than unit cost.
			High cost claimants identified as having a disproportionately large impact.
			The higher number of admits may be a consequence of lower than benchmark outpatient professional care.
PHARMACY - Rx MM	\$717,042	\$12.46	Attributable to higher utilization across tiers and therapeutic classes.
			Higher utilization driven by more members in RI having prescriptions filled than in the benchmark population, rather than a higher number
			of prescriptions per member.
OUTPATIENT LABORATORY	\$558,538	\$9.71	Capitation strategy applied in the benchmark population successfully contains cost.
OUTPATIENT INJECTIONS	\$425,609	\$7.40	Driven primarily by a difference in payment methodology between RI and the benchmark population. Injection claims in RI are reimbursed
			on a fee for service basis while in the benchmark population they are reimbursed on a fee for service basis or bundled into an outpatient
			surgery case payment. More than 50% of the higher RI utilization is associated with outpatient surgery claims, which would not be
			separately identified in the benchmark population.
OUTPATIENT EMERGENCY ROOM	\$406,508	\$7.07	Attributable primarily to a higher cost per emergency room encounter. This higher cost per encounter is driven less by higher unit cost in RI
			and more by the higher number of services delivered within an emergency room encounter compared to the benchmark.

2. The top five areas of care, based on the percent of positive variation in per capita spending from the benchmark

	Percent of	Total	
	Positive	Excess	
Area of Care	Variation	Spending	Comments on Estimated Cause
OUTPATIENT INJECTIONS	158%	\$425,609	Driven primarily by a difference in payment methodology as described above.
FREE STANDING HIGH COST RADIOLOGY	124%	\$130,764	Higher utilization of allied health facilities, along with lower Outpatient Hospital High Cost Radiology utilization, reflects appropriate re-
(MRI, PET, CT)			direction of care to lower cost providers.
OUTPATIENT LABORATORY	96%	\$558,538	Capitation strategy applied in the benchmark population successfully contains cost.
INPATIENT OTHER	74%	\$117,886	Driven by Mental Health/Substance Abuse services. Capitation strategy for inpatient Mental Health/Substance Abuse within the benchmark
			population effective at containing costs.
OUTPATIENT EMERGENCY ROOM	63%	\$406,508	Attributable primarily to the number of services delivered within an emergency room encounter, as described above.



Provider Contracting Practices and Hospital Contracting Conditions Verification Questionnaire

Background

The Health Insurance Advisory Council (HIAC) to the State of Rhode Island Office of the Health Insurance Commissioner (OHIC) has promulgated Affordability Standards for commercial health insurance issuers in Rhode Island.

Health plans will improve the affordability of health care in Rhode Island by focusing their efforts upon provider payment reform, beginning with primary care. Achievement of this goal will not add to overall medical spend in the short-term, and is expected to produce savings thereafter. Specific areas of focus in support of this goal are as follows:

- 1. Expand and improve the primary care infrastructure in the state—with limitations on ability to pass on cost in premiums
- 2. Spread Adoption of the "Chronic Care Model" Medical Home
- 3. Standardize electronic medical record (EMR) incentives
- 4. Work toward comprehensive payment reform across the delivery system

To support standard four, OHIC has previously issued six conditions for issuer contracts with hospitals in Rhode Island, to be implemented by issuers upon contract execution, renewal, or extension. These are as follows:

- 1. Utilize unit of service payment methodologies for both inpatient and hospital outpatient services that realign payment to provide incentives for efficient use of health services, and are derived from nationally utilized payment practices other than fee for service.
- 2. Limit average annual effective rates of price increase for both inpatient and outpatient services to a weighted amount equal to or less than the Centers for Medicare and Medicaid Services (CMS) National Prospective Payment System Hospital Input Price Index ("Index"), for all contractual and optional years covered by the contract
- 3. Provide the opportunity for hospitals to increase their total annual revenue for

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

commercially insured enrollment under the contract by at least additional two percentage points over the previous contract year by improving or attaining mutually agreed-to performance levels for no less than three nationally-accepted clinical quality, service quality or efficiency-based measures.

- 4. Include terms that define the parties' mutual obligations for greater administrative efficiencies
- 5. Include terms that promote and measure improved clinical communications between the hospital and each patient/member's designated primary care physician, specialist physicians, long term care facility, or other providers.
- 6. Include terms that explicitly relinquish the right of either party to contest the public release of the any and all of these five specific terms by state officials or the participating parties to the agreement.

The purpose of this questionnaire is to assess compliance with standard four of the Affordability Standards and to consider the responses in connection with OHIC's 2012 small and large employer group rate factor review process for commercial health insurance issuers in Rhode Island.

Directions

- 1. Please fill out all parts of questionnaire.
- 2. As no providers are identified and no financial details are solicited, none of this information will be considered proprietary or confidential. Should any information or document be considered confidential by the filer, the filer must request approval of the Health Insurance Commissioner. The request must identify the specific information or document (or portion thereof) which the filer considers confidential, accompanied by a factual and legal analysis supporting the request.
- 3. Questionnaire responses must be verified by filing those portions of each hospital contract which support the survey response. An index or other method of reference must be included to identify which hospital contract documentation relates to each survey response. Any contract excerpts provided will be summarized for review.
- 4. Please contact OHIC with any questions.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407 (401) 462-9640

(401) 462-9645 (Fax)

www.ohic.ri.gov

THIS INFORMATION IS A TRADE SECRET AND MAY NOT BE DISCLOSED TO THIRD PARTIES WITHOUT TUFTS HEALTH PLAN'S PERMISSION

General comment:

Tufts Health Plan has a long standing commitment to investment in payer-provider incentive alignment, and we maintain hospital and physician incentive programs that apply to the vast majority of our network providers. As a relatively new entrant into the RI market, we are at an early stage of incorporating incentive mechanisms into our RI provider contracts. Provider incentive will be a key component of our contracting strategy as we grow our presence in the state of RI.

Tufts Health Plan requests that the information provided in response to this survey be deemed to constitute "trade secrets" within the meaning of the term in section 38-2-2(4)(i)(B) of the Rhode Island General Laws. We have included a footer stating "THIS INFORMATION IS A TRADE SECRET AND MAY NOT BE DISCLOSED TO THIRD PARTIES WITHOUT TUFTS HEALTH PLAN'S PERMISSION".

Finally, due to the questionable reliability of certain information provided in our responses, which is explained in further detail below, it is Tufts Health Plan's expectation and understanding that the information provided in this Provider Survey will not be used or considered in OHIC's review of Tufts Health Plan's rates.

Part 1. Hospital Inpatient Services

- Please fill out one row in the chart below for <u>each</u> general service institution (no specialty care, no rehab) with whom you contract in RI.
- Institution means hospital system if all contractual terms other than \$ amounts apply identically across all inpatient facilities in the contract.
- Incentives refer to activities or measures resulting in additional payments by the insurer.

	Duration of Current		Does Contract have				
	Contract since inception		provision for additional			Does this contract comply with	
	or last renewal,	Unit of Payment for	outlier payments and/or	Are there Quality or Customer	Utilization Incentives in	OHIC's July 2011 Rate Factor	
Institution/	whichever is later	Services (check all	severity adjusters (y/n)	Service Incentives in Contract	Contract: (check all that	Decision – Additional	
System	(years)	that apply)	and any comments	(y/n) ¹ ?	apply)	Conditions? ²	Comments

¹ Examples include supplemental payments beyond base fees for Bridges to Excellence Measure, Medicare Compare measures, HIT adoption, or customer satisfaction measures.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

www.ohic.ri.gov

THIS INFORMATION IS A TRADE SECRET AND MAY NOT BE DISCLOSED TO THIRD PARTIES WITHOUT TUFTS HEALTH PLAN'S PERMISSION

² Attach analysis and relevant documentation from contracts to demonstrate compliance status.

Institution/ System 1	Duration of Current Contract since inception or last renewal, whichever is later (years) 3 Years	Unit of Payment for Services (check all that apply) X DRG X Per Diem% of Charges Bundled Services Capitation or other budgetingOthers (please specify)	Does Contract have provision for additional outlier payments and/or severity adjusters (y/n) and any comments	Are there Quality or Customer Service Incentives in Contract (y/n)¹? No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. ³	Utilization Incentives in Contract: (check all that apply) admission reductions day reductions process/structural changes (e.g. discharge practices)Others (please specify)	Does this contract comply with OHIC's July 2011 Rate Factor Decision – Additional Conditions? ² N/A (Contract has not been renegotiated)	Comments
2	3 Years	x_DRG x_Per Diem% of Charges Bundled Services Capitation or other budgetingOthers (please specify)	Yes to additional outlier provision	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0.5~1.0%	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	
3	3 Years	DRGPer Diem _x % of Charges Bundled Services	No	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality	admission reductions day reductions Others (please specify)	N/A (Contract has not been renegotiated)	

³ % for Incentive Payments plus % for Services = 100%. Incentive payments not specified for inpatient or outpatient should be classified as inpatient.

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Institution/ System	Duration of Current Contract since inception or last renewal, whichever is later (years)	Unit of Payment for Services (check all that apply) Capitation or other budgetingOthers (please specify)	Does Contract have provision for additional outlier payments and/or severity adjusters (y/n) and any comments	Are there Quality or Customer Service Incentives in Contract (y/n)¹? incentive payments. 0.1~0.5%	Utilization Incentives in Contract: (check all that apply)	Does this contract comply with OHIC's July 2011 Rate Factor Decision – Additional Conditions? ²	Comments
4	2 Years	DRG _x_Per Diem% of Charges Bundled Services Capitation or other budgetingOthers (please specify)	Yes to additional outlier provision	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	
5	3 Years	DRGPer Diem x % of ChargesBundled Services Capitation or other budgetingOthers (please specify)	No	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	
6	3 Years	DRGPer Diem _x % of ChargesBundled	No	No If yes - % of total payments for inpatient services in CY	admission reductions day reductions Others (please specify)	N/A (Contract has not been renegotiated)	

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Institution/ System	Duration of Current Contract since inception or last renewal, whichever is later (years)	Unit of Payment for Services (check all that apply) Services Capitation or other budgetingOthers (please	Does Contract have provision for additional outlier payments and/or severity adjusters (y/n) and any comments	Are there Quality or Customer Service Incentives in Contract (y/n)¹? 2011 spent on quality incentive payments.	Utilization Incentives in Contract: (check all that apply)	Does this contract comply with OHIC's July 2011 Rate Factor Decision – Additional Conditions? ²	Comments
7	1 Year	specify) DRGYer Diem% of ChargesBundled ServicesCapitation or other budgetingOthers (please specify)	Yes to additional outlier provision	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments 0-2%	_X_ admission reductions _X day reductionsOthers (please specify)	Yes, please see attached	
8	3 Years	DRG _x_Per Diem% of ChargesBundled Services Capitation or other budgetingOthers (please specify)	Yes to additional outlier provision	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	admission reductions day reductionsOthers (please specify)	N/A (Contract has not been renegotiated)	

Additional Questions for Hospital Inpatient Services

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

1. List the five most common areas of quality and service incentives in your company's inpatient contracts:

(These measures apply to our hospital contracts that combine inpatient and outpatient services.)

- i. Joint Commission measures (e.g., AMI, CHF, pneumonia)
- ii. Leapfrog measures (e.g., CPOD, ICU staffing)
- iii.Prevention of "Never Events"
- iv. Surgical infection rates
- v. Readmission rates
- 2. Estimated Percent of total payments to RI Hospitals for inpatient services in CY 2011 spent on quality incentive payments. 0.1~1%
- 3. Estimated Percent of total payments to RI Hospitals for inpatient services in CY 2011 paid through units of service based on efficient resource use (i.e DRG, Capitation, Bundled Service or partial/global budgeting): <5%
- **4.** Estimated Payments in first six months of CY 2011 for Inpatient Services to Hospitals as % of what Medicare would have paid for similar set. of services: See comment (add comments or caveats)

For inpatient services Tufts Health Plan does not currently have the technical capability to benchmark to Medicare IPPS reimbursement. Conducting such analysis would require incremental time, resources and technical capabilities. Benchmarking Tufts Health Plan inpatient payments to Medicare IPPS may yield volatile and potentially unreliable results due to a) differences in reimbursement methodology (Tufts Health Plan reimburses the majority of inpatient claims on either a Per Diem or Percent of Charge basis); b) our relatively small volume of business in Rhode Island; c) mix of services; and d) chargemaster levels to some of the hospitals in Rhode Island. Additionally, it is our belief that a Medicare comparison for some hospitals that perform very specific services, like Obstetrics, will not result in a comparison that is useful and may lead to unintended and/or misinterpreted conclusions.

Other Comments on Quality/Efficiency Incentives in Hospital Inpatient Contracting:

Part 2. Hospital Outpatient Services

- Please fill out one row in the chart below for each general service institution (no specialty care, no rehab) with whom you contract in RI.
- Institution means hospital system if all contractual terms other than dollar amounts apply identically across all inpatient facilities in the contract.
- Outpatient Services include any services not involving an admission and covered under the contract with the institution.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System
State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

www.ohic.ri.gov

Institution/ System	Unit of Payment for Outpatient Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁴ ?	Utilization Incentives in Contract: (check all that apply)	Comments
1	 x_Procedure-based methodology – using plan, provider or industry coding. APC Code Other (please specify) 	No If yes - %of total payments for inpatient services in CY 2011 spent on quality incentive payments. ⁵	Visit/Volume Reduction Others (please specify)	
2	 X Procedure-based methodology – using plan, provider or industry coding. APC Code Other (please specify) 	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0.5~1.0%	Visit/Volume Reduction Others (please specify)	
3	 x_Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0.1~0.5%	Visit/Volume Reduction Others (please specify)	
4	 x_Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality	Visit/Volume Reduction Others (please specify)	

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

⁴ Examples include supplemental payments beyond base fees for structural changes such as HIT, process measures or customer satisfaction.
⁵ % for Incentive Payments plus % for Services = 100%. Incentive payments not specified for inpatient or outpatient should be classified as inpatient.

Institution/ System	Unit of Payment for Outpatient Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁴ ? incentive payments.	Utilization Incentives in Contract: (check all that apply)	Comments
5	 X Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	
6	 X Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	
7	 X Procedure-based methodology – using plan, provider or industry coding. APC Code Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	
8	 X Procedure-based methodology – using plan, provider or industry coding. _APC Code _Other (please specify) 	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction Others (please specify)	

Additional Questions for Hospital Outpatient Services

1. List the five most common areas of quality and service incentives in your company's hospital outpatient contracts:

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

(These measures apply to our hospital contracts that combine inpatient and outpatient services.)

- i. Joint Commission measures (e.g., AMI, CHF, pneumonia)
- ii. Leapfrog measures (e.g., CPOD, ICU staffing)
- iii.Prevention of "Never Events"
- iv.Surgical infection rates
- v. Readmission rates

2.	Percent of total pa	syments to RI Hos	pitals for outpatier	nt services in CY 2011 s	pent on qualit	ty incentive pa	yments.	0.1~1%	
----	---------------------	-------------------	----------------------	--------------------------	----------------	-----------------	---------	--------	--

- 3. Percent of total payments to RI Hospitals for outpatient services in CY 2011 paid through units of service based on efficient resource use (i.e APC, Bundled Services or partial/global budgeting): ____n/a______
- 4. Estimated Payments in first six months of CY 2011 for Outpatient Services to Hospitals as % of what Medicare would have paid for similar set. of services: 222% (i.e. 122% over Medicare Reimbursement) (add comments or caveats)

For Outpatient Services, Tufts Health Plan has the technical capabilities to perform the required benchmarking analysis to Medicare; however, we have concerns about the confidence level in the accuracy of the supplied benchmark. Our concerns are due to a) the allowed reimbursement at a claim level was compared to fee information obtained from OPPS and CMS ancillary schedules such as Clinical Lab, DME etc.; b) we are not able to reprocess our claims through an OPPS Grouper and were limited to a line level reprice based on OPPS/Ancillary fees which means that exact Medicare reimbursement can only be approximated; c) Procedures that do not have a fee on OPPS/Ancillary schedules, or are billed in a different manner to Medicare (e.g., observation) were dropped from the analysis.

Additionally, Tufts Health Plan has concerns that the results may be skewed due to a few high-volume hospitals and the large number of providers reimbursed on a percent of charges basis – factors that may distort the data due to particular mix of services and chargemaster levels of PAF providers. Based on the concerns listed above it is our belief that a Medicare comparison might not result in a benchmark that is useful and could lead to unintended and/or misinterpreted conclusions that if made public could impact certain contract negotiations by putting upward pressure on unit costs.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Other Comments on Quality/Efficiency Incentives in Hospital Outpatient Contracting:

Part 3: Professional Groups

- "Professional Groups" is defined as non institutional/non facility groups with a valid contract and a single tax id number.
- Please provide information for the top 10 groups (measured by \$ paid in 2011), filling in one row per group (10 rows in the table total).

Group	Specialty Type	Unit of Payment for Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁶ ?	Utilization Incentives in Contract: (check all that apply)	Comments
1	Multi- specialty	x Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 7	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
2	Multi- specialty	_X_ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reduction use of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
3	Multi- specialty	_ X _ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code	No If yes - % of total payments for inpatient services in CY 2011 spent	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care	

⁶ Examples include supplemental payments beyond base fees for EMR adoption, structural changes, accreditation, process measures or patient satisfaction.

⁷ % for Incentive Payments plus % for Services = 100%. Incentive payments not specified for inpatient or outpatient should be classified as inpatient.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System State of Rhode Island Office of the Health Insurance Commissioner

> 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920-4407 (401) 462-9640 (401) 462-9645 (Fax)

Group	Specialty Type	Unit of Payment for Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁶ ?	Utilization Incentives in Contract: (check all that apply)	Comments
		Full/ Partial Capitation Other (please specify)	on quality incentive payments	use of pharmacy services Others (please specify)	
4	Sub - Specialty	_X_ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
5	Primary Care	_ X _ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. ———	Visit/Volume Reduction use of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
6	Primary Care	_X_Procedure-based methodology – using CPT, plan, provider or other codingAPC Code _Full/ Partial Capitation _Other (please specify)	Yes If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments. 0~5%	 X Visit/Volume Reduction use of ancillary/referred services use of diagnostic tests overall efficiency of care x use of pharmacy services x Others (please specify) 	Quality/Member Satisfaction
7	Sub - Specialty	_ X _ Procedure-based methodology – using CPT, plan,	No	Visit/Volume Reductionuse of ancillary/referred services	

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Group	Specialty Type	Unit of Payment for Services (check all that apply)	Are there Quality or Customer Service Incentives in Contract (y/n) ⁶ ?	Utilization Incentives in Contract: (check all that apply)	Comments
		provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
8	Sub - Specialty	_X_Procedure-based methodology – using CPT, plan, provider or other codingAPC CodeFull/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	
9	Multi- specialty	_X_ Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred servicesuse of diagnostic testsoverall efficiency of careuse of pharmacy servicesOthers (please specify)	
10	Multi- specialty	_X_Procedure-based methodology – using CPT, plan, provider or other codingAPC Code Full/ Partial CapitationOther (please specify)	No If yes - % of total payments for inpatient services in CY 2011 spent on quality incentive payments.	Visit/Volume Reductionuse of ancillary/referred services use of diagnostic tests overall efficiency of care use of pharmacy services Others (please specify)	

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Additional Questions for Professional Groups

- 1. List the five most common areas of quality and service incentives in your company's professional group contracts:
 - i. HEDIS (diabetes, breast cancer screening, colonoscopy, etc.)
 - ii. HCHAPS
 - iii. EMR adoption
 - iv. Inpatient and ER use
 - v. Rx Management
- 2. Percent of total payments to these ten professional groups in CY 2011 spent on quality incentive payments. ___<1%____
- 3. Percent of total payments to these ten professional groups in CY 2011 paid through units of service based on efficient resource use (i.e APC, Bundled Services or partial/global budgeting): ___n/a
- 4. Estimated Payments in first six months of CY 2011 for Professional Group Services as % of what Medicare would have paid for similar set. of services: 122% (i.e. 22% over Medicare Reimbursement) (add comments or caveats)

The analysis was conducted using a claim line level comparison between allowed reimbursement and Medicare fee information obtained from RBRVS tables as well as Medicare ancillary schedules such as clinical lab, DME etc. Anesthesia services were also included. Procedures that Medicare does not reimburse but supplies RVU information for, such as preventive medicine and consults codes, are included at the RVU level rate for the Medicare comparison. Claims lines that do not have RBRVS/Ancillary schedule information were dropped from the analysis.

Additionally, Tufts Health Plan has concerns that the results may be skewed due to particular mix of services for providers. Based on the concerns listed above it is our belief that a Medicare comparison might not result in a benchmark that is useful and could lead to unintended and/or misinterpreted conclusions that if made public could impact certain contract negotiations by putting upward pressure on unit costs.

Other Comments on Quality/Efficiency Incentives in Professional Group Contracting:

Selected Contract Sections Showing Compliance To OHIC Conditions

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

Effective for dates of service on or after January 1, 2011

Office of the Health Insurance Commissioner Conditions

<u>Pay-For-Performance:</u> [Redacted] is available for the Hospital to earn based upon quality and/or efficiency measures [redacted].

<u>Case Rates:</u> In the event [redacted] parties agree to meet to discuss the potential to transition to efficiency based payment methodologies (e.g., DRG, APC) in a manner that [redacted].

<u>Administrative Efficiency:</u> Tufts Health Plan agrees to assign a Contract Specialist to provide ongoing contract related support through the term of the agreement to help mitigate contract related issues.

The Hospital agrees to work with and communicate issues to the Contract Specialist on an ongoing basis and work in good faith to resolve contract related issues in a timely manner.

<u>Communication</u>: During calendar year 2011 parties agree to formalize clinical communication that promotes and measures improved clinical communications between the hospital and each patient/member's designated primary care physician, specialist physicians, long term care facility, or other providers.

<u>Public Release of Contract Terms:</u> Parties agree to allow the public release of terms outlined in this agreement if compelled by State regulatory authorities.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System
State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1

Cranston, RI 02920-4407

(401) 462-9640

(401) 462-9645 (Fax)

1. Please provide an excel spreadsheet in the following format, detailing the 2011 actual and 2013 requested small and large group administrative costs pmpm, allocated among the NAIC- financial statement administrative cost categories. Please explain any significant changes from the financial filing for 2011 (increases/decreases of more than five percent in a particular category).

	2011 Actual (fr	om filed financial				
RI Insured PPO	state	statements)		roposed	% Change	
						Large
	Small Group	Large Group	Small Group	Large Group	Small Group	Group
Total Estimated Member						
Months	6,778	28,008	5,732	26,480	-15.4%	-5.5%
Total Estimated Premiums						
(\$pmpm)	\$382.46	\$404.51	\$422.41	\$446.68	10.4%	10.4%
Total General Administrative						
Expense	\$37.84	\$37.94	\$41.93	\$39.72	10.8%	4.7%
Total Cost Containment						
Expense	\$10.43	\$9.64	\$11.65	\$11.65	11.7%	20.8%
Total Other Claim Adjustment Expense (\$pmpm)	\$7.99	\$7.38	\$8.92	\$8.92	11.7%	20.8%
Breakdown of General Adminis	trativa Evpanas	(\$nmnm)				
a. Payroll and benefits	\$2.94	\$2.72	\$3.29	\$3.29	11.7%	20.8%
b. Outsourced Services (EDP,	\$2.54	Ψ2.12	ψ3.29	ψ3.29	11.7 /0	20.076
claims etc.)	\$0.09	\$0.09	\$0.10	\$0.10	11.7%	20.8%
c. Auditing and consulting	\$8.02	\$7.42	\$8.96	\$8.96	11.7%	20.8%
d. Commissions	\$13.32	\$14.30	\$14.24	\$12.03	6.9%	-15.8%
e. Marketing and Advertising	\$1.76	\$1.63	\$1.97	\$1.97	11.7%	20.8%
f. Legal Expenses	\$0.17	\$0.16	\$0.19	\$0.19	11.7%	20.8%
g. Taxes, Licenses and Fees	\$8.72	\$9.22	\$10.21	\$10.21	17.1%	10.7%
h. Reimbursements by Uninsured Plans	\$0.00	\$0.00	\$0.00	\$0.00	0.0%	0.0%
i. Other Admin Expenses	\$2.82	\$2.42	\$2.97	\$2.97	5.4%	22.7%

Notes

- 1. The expense in any given administrative category may vary from year to year due to the small size of Tufts Health Plan's PPO block of business in Rhode Island. In aggregate, however, total admin has increased less than about 3% per year.
- 2. Please also provide an excel spreadsheet in the following format; detailing actual calendar year 2007-2011 fully insured commercial administrative costs, in accordance with the following table. This should be consistent with the annual statement fillings to OHIC for administrative costs, providing additional detail on the components of administrative costs using the categories defined by NAIC financial statement and as allocated to commercially insured business only. Specifically, the information provided should agree with the "Exhibit of Premiums, Enrollment and Utilization" and the "Analysis of Operations by Line of Business" schedules included in the Annual Statements on file with OHIC. Where there are variance, a reconciliation and explanation should be provided.

Fully Insured Commercial Administrative Cost History

RI Insured PPO	2007	2008	2009	2010	2011
Total Premiums			12,373,810	17,393,107	13,921,729
Total General Administrative					
Expense			1,929,424	1,887,787	1,319,190
General Admin Exp. Ratio			15.6%	10.9%	9.5%
Total Fully Insured Member					
Months			33,738	45,416	34,786
General Administrative					
Expense (\$pmpm)			\$57.19	\$41.57	\$37.92
Breakdown of General Administ	trative Expense	(\$pmpm)			
 a. Payroll and benefits 			\$3.37	\$2.49	\$2.76
 b. Outsourced Services (EDP, 					
claims etc.)			\$0.01	\$0.01	\$0.09
c. Auditing and consulting			\$5.92	\$4.93	\$7.54
d. Commissions			\$18.10	\$16.49	\$14.11
e. Marketing and Advertising			\$2.52	\$1.72	\$1.66
f. Legal Expenses			\$0.08	\$0.11	\$0.16
g. Taxes, Licenses and Fees			\$7.34	\$8.74	\$9.12
h. Reimbursements by					
Uninsured Plans			\$0.00	\$0.00	\$0.00
i. Other Admin Expenses			\$19.85	\$7.09	\$2.50
Cost Containment Expense			179,767	385,924	340,764
Other Claim Adjustment					
Expense			236,579	369,709	260,894
Total Self Insured Member					
Months for all Affiliated					
Companies doing business in			1		
RI			113,694	0	662

RI Insured PPO

- 3. At the request of OHIC's Health Insurance Advisory Council, please provide brief answers to the following questions
- In general and net of new taxes and fees, why should the rate of increase in Health Plan administrative costs exceed the general inflation rate?

Administrative expenses in total in a given year are adjusted for inflation, membership growth or loss and increases or decreases in corporate projects, which are often driven by regulatory requirements and government mandates. As a general practice, to set administrative expense targets for the annual financial plan, fixed administrative costs are grown at an inflationary rate. Variable administrative costs are then developed by applying inflation to the variable pmpm rate and then multiplying the inflated pmpm rate by planned member months. While those are the initial steps to develop targets, each administrative function is reviewed in detail to identify potential administrative cost savings and targets are adjusted accordingly.

• What percentage of administrative costs does your organization consider fixed for the next five years? Provide detail by expense categories.

For the total company, we currently consider 58% of our costs fixed as follows:

Fixed Administrative Costs by Category:	
Network Management	2%
Sales and Marketing	4%
Clinical Services	5%
Operations	5%
IT & Business Effectiveness	8%
Corporate Projects	14%
Fixed Overhead and Other	<u>20%</u>
Total Fixed Administrative Expenses	58%

• What administrative services are used by fully insured members that are not used by self-insured clients (e.g. broker commissions) and what are the estimated total costs (\$pmpm) for those services?

Administrative costs for fully insured membership include expenses associated with medical cost containment (\$9.80 pmpm), whereas in most cases self-insured clients bear these costs directly. Broker commissions (\$14.11 pmpm) are also not applicable to most self-insured clients.

 What does your plan use as its pmpm benchmarks or price points for commercial insurance administrative costs and why? We periodically participate in the benchmarking survey used to develop the *Sherlock Expense Evaluation Reports* (SEER) which are viewed as the definitive benchmarks for the functional areas of health plan administration. The Sherlock Expense Evaluation Reports (SEER) supply comprehensive and highly granular financial and operational metrics.



Health System Improvements Survey

The State of Rhode Island Office of the Health Insurance Commissioner Regulation 2 lists standards to be used by the Health Insurance Commissioner (Commissioner) for the assessment of the conduct of commercial health insurance issuers in Rhode Island for their efforts aimed at improving the efficiency and quality of health care delivery and increasing access to health care services. The standards include the following issuer activities:

- 1. Directing resources, including financial contributions, toward system-wide improvements in the state's health care system related to quality, access and efficiency, including providing support to local collaboratives, organizations, and initiatives that promote these three goals
- 2. Participating in the development and implementation of public policy issues related to health

To assist the Commissioner in this assessment, as part of the 2012 small and large employer group rate factor review process for commercial health insurance issuers in Rhode Island, please itemize and quantify your organization's contributions of finances and other material assets to these efforts in Rhode Island in calendar year 2011 in the following table.¹

System-wide Improvement Activity	Brief Description of Activity and How it Promotes Health Care System Quality, Access or Efficiency	Value of 2011 Issuer Contributions
Funding	Grants provided by the Tufts Health Plan Foundation and Community Relations to the following RI organizations to support wellness and safety initiatives	\$515,724
	Best Buddies International	
	Best Buddies Intergenerational College Project	
	Grant Amount: \$20,000	
	Mount St. Rita Health Centre	
	Blessings in a Back Pack	
	Grant Amount: \$5,000	
	Bethany Home of Rhode Island Inc.	

¹ The contributions can be to any entity other than a provider to improve medical and prevention services for all Rhode Islanders and to promote a coherent, integrated, and efficient statewide health care system.

Protecting Consumers • Assuring Solvency • Engaging Providers • Improving the System

State of Rhode Island Office of the Health Insurance Commissioner

1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920-4407 (401) 462-9640 (401) 462-9645 (Fax)

System-wide Improvement Activity	Brief Description of Activity and How it Promotes Health Care System Quality, Access or Efficiency	Value of 2011 Issuer Contributions
	Bethany Home Cares Grant Amount: \$43,036 • Homefront Health Care HIP-SAFE (Homefront Intervention to Prevent Slips & Falls in Elders) Grant Amount: \$59,438 • Rhode Island Free Clinic Inc. Healthy Lifestyles for Today and Tomorrow Grant Amount: \$60,000 • The Providence Center InShape Seniors Grant Amount: \$42,000 • Ocean State Center for Independent Living (OSCIL) Home Sweet Accessible Home Grant Amount: \$40,000 • Westbay Community Action Inc. Elder Safety Grant Amount: \$42,000 • Rhode Island Quality Institute Health Information Exchange Support Grant Amount: \$25,000 • EMR Payments \$179,250	
Participation in RI initiatives, programs and organizations	The goals of these programs, initiatives and organizations is to improve quality and/or transform primary care in the state: • CSI/Beacon (Project director, project manager, and nurse case manager support) \$38,329 • Value of Resource Time in Various Programs (Estimate of \$30,000 for 0.2 FTE for 2011) • RI DOH Medical Director meetings • RI Quality Partners Safe Transitions • RI Senate Commission on Hospital Payment Reform • RIQI Board of Directors • RI CSI Beacon Executive Committee	\$68,329

Thank you for your cooperation.